





# France Authorizes Spot Police Checks In Immigration War

By Alan Riding  
New York Times Service  
PARIS—After only a few hours of public debate, France's conservative-dominated National Assembly gave overwhelming approval Friday to a law authorizing the police to carry out random identity checks with the aim of clamping down on illegal immigration.

The law is one of three pieces of legislation prepared by the country's 10-week-old government to address growing domestic fears that immigration from the Third World is changing the French way of life. Many French people also blame immigrants for rising crime levels.

The three laws are not a response to any sudden upsurge in xenophobia here, but rather the result of a campaign commitment by the two main conservative parties that are now in power to tackle an explosive issue that was channeling electoral support to the extreme-right National Front.

But the initiative coincides with new moves throughout Western Europe to stem the flow of illegal immigrants and refugees from Eastern Europe and North Africa. Last month, Germany, which has been flooded by refugees, decided to restrict the right of asylum. Members of the European Community also have agreed to coordinate their fight against illegal immigration.

Last month, France's National Assembly approved a law making it more difficult for French-born children of foreign parents to become French citizens. It will next debate a government bill restricting the right of foreigners to enter France as immigrants or political refugees.

The opposition Socialist Party and human rights groups have charged that non-European foreigners, particularly young Arabs, will become the targets of still greater discrimination as a result of Prime Minister Edouard Balladur's new get-tough policy. But polls show it has wide public backing.

As in neighboring countries caught in an economic recession, many French specifically blame illegal immigration for rising unemployment.

"The goal we set, given the seriousness of the economic situation, is to tend toward zero immigration," Mr. Pasqua's interior minister, Charles Pasqua, said last week.

often wins 30 to 40 percent of votes in elections.  
Responding to charges of racism from left-leaning opposition groups, Mr. Pasqua has argued that "the only way to resolve the integration problem is to get a firm grip on immigration." He also insisted that legal immigrants in France have no less an interest in fighting illegal immigration than French citizens.

Less clear, however, is whether the new policy will have the desired effect of curbing immigration or will merely create new tensions between young foreigners and the authorities.

In the past, the police were authorized to check identity papers only when they had reason to suspect that a crime had been or was about to be committed, although in practice they often organized routine checks of nonwhite foreigners in, say, Metro stations. Under the new law, which was adopted by a 482-to-90 vote, this restriction will be lifted.

The law affecting the right of French-born children of foreigners to become French citizens was of a more symbolic nature. In the past, they acquired French nationality automatically at the age of 18. In the future, they will be required to apply for citizenship any time between the ages of 16 and 21 and, in some cases, can be turned down.

Perhaps the most controversial new legislation, though, still awaits approval. Under the bill, it will become easier for the authorities to deport illegal immigrants and those whose request for political asylum has been refused. The bill will also make it more difficult for legal immigrants to bring family members to France and for foreigners who marry French citizens to acquire French nationality.

"We must accept that our scientific advances today are coming in small steps, not in leaps and bounds," Dr. Merson said.

Nevertheless, the meeting offered abundant new information. Dr. Lars O. Kallings, a Swedish epidemiologist, said in a summary talk. He cited information about vaccines, the dynamics of the spread of the various genetic subtypes of HIV, and the way the virus damages the immune system.

Experimental vaccines made by genetic engineering techniques are showing evidence of high levels of immune responses that are lasting longer in human volunteers than researchers had expected, said Dr. Daniel P. Bolognesi.



A UN provincial director, left, speaking through a barricade to about 600 protesters in front of the UN offices in Prey Veng, Cambodia.

# Cambodia Province Threatens to Secede

By Philip Shenon  
New York Times Service  
PHNOM PENH — Officials in the south-eastern Cambodian province of Svay Rieng told the United Nations on Friday that the province was seceding from Cambodia and warned the UN peacekeeping force in the province that it must withdraw immediately or face attack.

The threat was made as demonstrators smashed the windows of UN vehicles and forces in the province and destroyed the local headquarters of the royalist opposition party that won last month's elections. There were no reports of injuries in the attacks.

UN officials said that the attacks and the secessionist threat appear to be part of a larger campaign by the incumbent, authoritarian government to negotiate greater powers for its leaders in whatever coalition government is formed.

"The government apparently wants us to believe that it is willing to sabotage the process unless it gets what it wants in the new govern-

ment — more seats in parliament, control of additional ministries, whatever," said a senior official in the UN peacekeeping force, which organized the elections.

In what may be another element of the government's campaign, 27 of its candidates for seats in the new National Assembly have informed the UN that they were withdrawing their names and would not take seats in the assembly, which will be responsible for drafting a new constitution.

Among those withdrawing their names were Sen Song, the government's minister of national security, who has been reported to be a leader in the secessionist movement. Svay Rieng is the first province in which local leaders have said explicitly that they would secede.

UN officials said that government leaders in Svay Rieng, all of them members of the ruling Cambodian People's Party, told UN officials that the province "is no longer part of Cambodia" and that the peacekeeping force there must leave by Saturday or risk violence. "We'll stay, but things won't be very pleasant this weekend," a UN official said.

Cambodian and foreign witnesses said that hundreds of people participated in the protest against the UN in Svay Rieng.

Witnesses said that it appeared that the demonstration had been organized by the Cambodian People's Party, and they identified some protesters as plainclothes policemen and soldiers.

Earlier, the Vietnamese-installed government wanted that a number of provinces might attempt to secede rather than come under the control of a government led by the royalists.

The opposition party, which is associated by many Cambodians with the former monarch, Prince Norodom Sihanouk, won 58 of the 120 seats in the new assembly, which will meet for the first time on Monday. The ruling Cambodian People's Party received 51 seats.

The province of Svay Rieng, which borders Vietnam and has a population of about 415,000, had been considered a stronghold of the People's Party. The People's Party took three of the province's five seats in the assembly, with the royalists receiving the other two.

# WORLD BRIEFS

## France to Publish Bousquet Charges

PARIS (Reuters) — France will publish an indictment against the former Vichy police chief, René Bousquet, who was shot to death Tuesday before he could stand trial for crimes against humanity, Justice Minister Pierre Méhaignerie said Friday.

## Neighbor Opposes Blockade of Haiti

SANTO DOMINGO, Dominican Republic (Reuters) — The Dominican Republic will oppose imposing an air, land or naval blockade to step up pressure on the military in Haiti, the president has said.

## Canada's Tories Putin' on the Glitz

OTTAWA (Reuters) — The contenders to succeed Brian Mulroney as Canada's prime minister wooed undecided delegates with food, drink and American-style glitz on Friday, just two days before the Progressive Conservative Party chooses a new leader on Sunday.

## Furor Over Dalai Lama in Vienna

VIENNA (AP) — Apparent Chinese pressure to bar the Dalai Lama from addressing a human rights conference next week set off a furor Friday, and Austria called on the Chinese ambassador to explain.

## For the Record

Renegade Afghan fighters fired several volleys of rockets into Kabul on Friday, killing five people and wounding 14, state-run Kabul radio said.

## TRAVEL UPDATE

Irish police and tourist officials warned visitors on Friday in leaflets at ports and airports to be wary after seven tourists were robbed in muggings across Dublin. Tourism is one of the country's top foreign exchange earners and generates 80,000 jobs.

## BUILD: Showcases for New Rich

Continued from Page 1  
fleets a healthy development, the growth of "a wealthy class of people who won't allow a return to the past."

## Alexis Smith, 72, Is Dead, Film Star in the '40s and '50s

By Ronald Sullivan  
New York Times Service  
Alexis Smith, 72, a Hollywood actress of the 1940s and 1950s who later won a Tony Award as a star of the Broadway musical "Follies," died of cancer Wednesday in Los Angeles.

In a career that began when she was spotted by a talent agent in 1941, Miss Smith had an image as a strong-willed actress who often played tempestuous romantic leads opposite many of Hollywood's most glamorous male stars.

Mr. Downey was born in Santa Clara, Calif., in 1940. He received a bachelor's degree in architecture from the Catholic University in Chile in 1961 and also studied at Stanley Hayter's Atelier 17 in Paris in the mid-1960s and the Pratt Institute in Brooklyn from 1967 to 1969.

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- FRENCH RIVIERA**  
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R.F.L. FELLOWSHIP, 9 Rue Louis-Napoléon, Sunday 10:30 a.m. - 11:30 a.m. Tel: 21 16 56 30.
- PARIS AND SUBURBS**  
THE AMERICAN CATHEDRAL (Ecumenical, Anglican) Sun 9 & 11 a.m. Sunday School for children and nursery care at 11 a.m. 23 Ave. George V, Paris 8. Tel: 47 23 17 92. Metro: George V or Alma-Marceau.
- NOTE: INTERNATIONAL CHURCH (Ecumenical) Sun 9:30 a.m. Hotel Oran, Metc 11: Espérance de La Défense. Tel: 47 73 53 54 or 47 73 14 27.**
- SAINTE-JOSEPH'S CHURCH (Roman Catholic) Masses: Sunday Evening 6:30 p.m. - 8:30 p.m.; 9 a.m., 11:30 a.m., 12:15 p.m., 5:30 p.m. 51 Avenue Hoche, Paris 8th. Tel: 42 27 25 56. Metro: Charles de Gaulle - Étoile.**
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- EUROPEAN BAPTIST CONVENTION**
- BARCELONA**  
INTERNATIONAL BAPTIST CHURCH will meet at 11:00 a.m. at the Hilton Hotel for worship (English language). Arno Nalson, pastor. Phone: 410161.
- BERLIN**  
INTERNATIONAL BAPTIST CHURCH (English language) meets at THEA FESTIVAL GALLERY, Bismarckstr. 10, Berlin. Tel: 31 20 10 10 and 19:00 each Sunday. Charles A. Vander, Pastor. Tel: 030-773-4671.
- BONN/KÖLN**  
THE INTERNATIONAL BAPTIST CHURCH OF BONN/KÖLN, Pflanzstr. 9, Köln. Tel: (0228) 41021.
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INTERNATIONAL BAPTIST CHURCH, Széchenyi str. 22. Tel: 01-91-61.
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International Baptist Fellowship, 8 Bemta u. 55 (near entrance Topolcsany u. 7, immediately behind front entrance, 10:30 Bible study, 6:30 p.m. - 8:00 p.m. Tel: 1159-5099 & 1156116. Reached by bus 11.
- BULGARIA**  
INTERNATIONAL BAPTIST CHURCH, Sofia, Gerozhov Suburban Square, 11:00 a.m. James Dixie, Pastor. Tel: 704057.
- CELLE/HANNOVER**  
INTERNATIONAL BAPTIST CHURCH, Fedorstraße, Hannover, 15. Colle, SS 12-45, 10:30 a.m. - 11:30 a.m. Tel: 513-1020. Contact Joe Krause, Tel: 05064-7515.
- DARMSTADT**  
DARMSTADT-ESSENHOF BAPTIST MISSION, Bible study & Worship Sunday 10:30 a.m. - 11:30 a.m. Tel: 06151-6872 (dormer).
- DÜSSELDORF**  
INTERNATIONAL BAPTIST CHURCH, English, SS 10:30, worship 11:25. Children's church and nursery at the International School, Leudorferstr. 10, Düsseldorf. Tel: 0211-400157.
- FRANKFURT**  
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AMERICAN CHURCH in London at 79 Tottenham Court Road, London W1, SS at 9:45 a.m. & worship at 11 a.m. Google street Map. Tel: (01) 5822791.
- INTERNATIONAL COMMUNITY CHURCH** services at Rydens School, Hershams, Surrey. Sunday School at 10:30 a.m. and worship 11:00 a.m. Active youth program. Tel: 6592 862823.
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- OSLO**  
American Lutheran Church, Fritzenveg. 15. Tel: (02) 443584.
- PARIS**  
AMERICAN CHURCH in PARIS, Worship 11:30 a.m. 65, Quai d'Orsay, Paris 7. Bus 69 at door, Metro Alma-Marceau or Invalides.
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# STATESIDE / THE SENIORS NETWORK

## Old Folks at Home: An Instant Lobby of 34 Million

By Michael Weisskopf

WASHINGTON — Soon after he got the alert from Washington, Dudley Lesser of Depford, New Jersey, moved as deliberately as an atomic scientist ready to trip a chain reaction. It was time to activate the seniors lobby.

Mr. Lesser, with his fax connection to the American Association of Retired Persons here, was the first link in the New Jersey chain. He phoned the group's state chief, who quickly called associate directors at both ends of the state. They dialed 18 district directors, who called 130 chapter presidents, and on and on, so that by the following day, the offices of the state's 90 senators, Bill Bradley and Frank R. Lautenberg, both Democrats, were busy fielding demands to avoid deeper cuts in Medicare, the federal-state health insurance for elderly and disabled Americans.

As Senate deficit-writers shifted focus this week from a broad energy tax to such mandatory spending programs as Medicare, the seniors lobby entered the fray Tuesday, adding a politically explosive ingredient to the stew of special-interest pleadings.

"If New Jersey remained quiet on this, somebody would

say we don't care or we don't understand," said Mr. Lesser, 65, a retired engineering manager. "People have to express their opinion when it affects the quality of their lives."

The principal weapon of this grass-roots army is the "telephone tree," which branched out nationwide this past week after the association's strategists here sent alerts to such state coordinators as Mr. Lesser. The intention was to mobilize millions of angry and fearful senior citizens to call members of Congress before the proposals hardened.

Their lobbying turned up the pressure in the more conventional setting of a Capitol Hill news conference on Thursday. A coalition of 33 senior citizens warned of revenge at the polls if Congress and President Bill Clinton agreed to more reductions in Medicare or Medicaid, the federal-state program that provides health care for poor people.

"If you believe the elderly will stand for additional cuts, you're about to see a major, formidable revolt," said Daniel Thayer, chairman of the Leadership Council of Aging Organizations.

Such threats are not taken lightly here. The elderly turn out to vote at much higher rates than other groups, often providing the margin of victory. Half the voters over 60 years

of age supported Mr. Clinton in last year's three-candidate presidential election, which made them among Mr. Clinton's most ardent supporters, according to a Republican pollster, Linda DiVal.

As a lobby, the largely volunteer force fights to obtain long-term care or to protect Social Security benefits and Medicare with as much tenacity as the polished, \$350-an-hour lobbyists press for tax favors for their industry clients.

Indeed, industry spends millions of dollars to organize grass-roots campaigns — critics say they are as artificial as Astroturf — that are modeled after the populist uprisings of groups like this association.

The 34-million-member association is the vanguard of the seniors lobby. It has no political action committee and does not endorse candidates. Guided by 16 registered lobbyists here who wield a \$3.5 million budget, they are recognized as one of the most effective pressure groups in town.

"If senators think AARP is going to send a letter on an issue to everybody in their state 65 years or older, they sit up and take notice," said a Senate Finance Committee staff member.



WISH COME TRUE — President Clinton introducing Socks to Gabrielle Fleekop, 6, and her sister, Julia, 4, in the Oval Office on Friday. Gabrielle, who has leukemia, is in the Make-A-Wish program and was invited to the White House after writing to Mr. Clinton. Her mother, Deborah, looked on.

## Clinton Aide Assails Fuel Tax

Peña's Stance Complicates Quest for Budget Compromise

By Eric Pianin and Richard M. Weintraub

WASHINGTON — The scramble to come up with a budget compromise has become more complicated as Transportation Secretary Federico F. Peña said that a proposal that has generated support among Senate Democrats was unfair.

Mr. Peña, breaking the administration's self-imposed silence on all major aspects of the evolving budget package, said the proposal for a tax on transportation fuels leaned too heavily on the already troubled industry.

The trucking and airlines industries are up in arms for being singled out for additional taxes while the energy industry is left off the hook. The elderly and liberal congressional Democrats are angry denouncing the plan because it would necessitate additional cuts in Medicare and Medicaid, the medical insurance program for the poor, of \$30 billion or more to make up for lost revenues.

Now Mr. Peña has jumped in, denouncing Mr. Breaux's proposal as an inequitable imposition on transportation industries, particularly the financially ailing airline industry.

One reason I was able to sell the Btu tax over the past several months was on the basis that it was fair and balanced and was not solely based on the transport sector," Mr. Peña said. "That is now gone."

A Btu tax would be based on the heat content of fuels, measured in British thermal units.

He added that while he hoped a compromise budget measure would emerge from the Senate, he added that he would lobby senators against the transportation fuel tax as an effort to "restore balance and fairness."

## POLITICAL NOTES

In Agonizing Over Court Choice, a New Shift

WASHINGTON — After a week in which speculation swung from one candidate to another, White House officials now say that Stephen G. Breyer, a U.S. appeals court judge, has emerged as President Bill Clinton's most likely nominee for the Supreme Court.

Several officials said the president hoped to make an announcement shortly on a replacement for Justice Byron R. White, who is retiring. Judge Breyer, who had been hospitalized after a bicycle accident last week, flew to Washington after his release for a meeting with Mr. Clinton on Friday.

Although senior White House officials said that Judge Breyer seemed to be Mr. Clinton's choice, they emphasized that the decision was not final. For several days, Mr. Clinton has been torn between Judge Breyer and Interior Secretary Bruce Babbitt. But the interest in Judge Breyer has since grown stronger, leading officials from the White House counsel's office to interview him for several hours in his hospital room in Boston to complete their review of his background.

White House officials offered several reasons for Mr. Clinton to favor Judge Breyer. Those include the difficulties of finding a new interior secretary who would be satisfactory to environmental groups.

Gergen, in Turnaround, to Quit All-Male Club

WASHINGTON — The new White House counselor, David Gergen, has reversed himself and announced that he is resigning from the all-male Bohemian Club. But a spokeswoman said his decision had nothing to do with the fact that the club excludes women.

The White House press secretary, Dee Dee Myers, said that Mr. Gergen's resignation was part of his across-the-board decision to quit 17 organizations, including the Duke University School of Public Policy and the Trilateral Commission.

The Bohemian Club brings together leaders of government, industry and the media in its Bohemian Grove outside San Francisco for a 16-day encampment each summer.

White House Woos Reporters With Barbecue

WASHINGTON — According to Newsweek, President Clinton's batting in the media is "the revenge of the White House press corps," which has been "gleeful" over his plunge in the polls.

According to a columnist for Esquire magazine, Walter Shapiro, the "puffed-up self-importance" of White House reporters has fueled anger at a president who they believe "could not pick them out of a police lineup."

While these accounts may be a bit overstated, Mr. Clinton clearly has grown tired of being barbecued by the press. The president whose minions once boasted of bypassing the establishment media will be host to dozens of reporters at a White House barbecue Sunday, part of a charm offensive aimed at a disaffected Fourth Estate.

Mondale Gets Task of 'Enhancing' Japan Ties

WASHINGTON — President Clinton has officially named former Vice President Walter Mondale as U.S. ambassador to Japan.

"Fritz Mondale has devoted his entire life to serving our nation and building bonds of understanding around the world," Mr. Clinton said in announcing the nomination. "He has earned the right to be considered extraordinarily well-qualified to be given the task of enhancing our relationship with Japan and projecting American leadership in Asia and the Pacific region."

Quote/Unquote

Hillary Rodham Clinton, offering an olive branch to doctors by suggesting that they were not mainly to blame for high health-care costs. "The overwhelming public perception is that the real problem in health care is that doctors charge too much, hospitals charge too much, insurance companies charge too much, everybody charges too much, so we should just cut everybody's prices and everything will be fine. You know that is not the case, and I know it. But it will be one of our challenges to educate the public."

## Former New York City Official Is Slated to Head Peace Corps

WASHINGTON — President Bill Clinton expected to nominate Carol Bellamy, former mayor of New York City, as director of the Peace Corps, administration officials say.

Ms. Bellamy, now an investment banker for Bear Stearns, recently failed in her second effort to become New York state comptroller. She was a Peace Corps volunteer in Guatemala from 1963 to 1965. Word of her nomination drew praise from groups that have lobbied to have a former volunteer head the agency.

During the Bush administration, the Peace Corps expanded into the former Soviet republics and Eastern Europe. The expansion left many of the agency's staff members concerned that this would weaken the agency's commitment to the Third World.

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## A Not-Close-Enough Shave

By Stephen Barr

WASHINGTON — Maybe it would have been cheaper to shave. Or just leave the photos hanging. At any rate, the U.S. secretary of housing and urban development, Henry G. Cisneros, is out \$2,200.

As Mr. Cisneros describes it, "the unfortunate sequence of events" began when the HUD secretary visited the agency's New York regional office recently and learned that his official, glossy color photograph had been sent out to hang in HUD lobbies and conference rooms across America, something he had forbidden earlier.

He mentioned that to an aide, and the "overzealous staff member interpreted my comment to mean the photographs should be removed to headquarters."

When The Baltimore Sun reported Thursday that Mr. Cisneros had yanked his long-shot from the walls of 81 field offices, the newspaper quoted Mr. Cisneros as saying, "This is absolutely not a vanity thing," but then noted he complained that the photo "looked like I had just woken up five minutes earlier and had a 5 o'clock shadow."

That remark apparently left an impression that Mr. Cisneros wanted to quash, especially after the attention given to President Bill Clinton's celebrated \$200 haircut on a Los Angeles International Airport runway and Defense Secretary Les Aspin's Venice vacation that kept 31 members of his traveling party cooling their heels for four days at taxpayers' expense.

So, in a very serious, very official four-paragraph statement, Mr. Cisneros made four points:

- "I appreciate the role of a newspaper woman chronicling instances of possible inconsiderate government use of taxpayers' dollars."
- "I take full responsibility for the sequence of events."
- "I want to avoid even the suggestion that there has been ill-considered use of public money. Therefore, I have made arrangements to reimburse for the \$2,200 in printing costs out of my future payroll checks."
- "No further photos will be taken or sent to HUD offices."

Asked if Mr. Cisneros had overreacted, because official portraits in official places are a bureaucratic ritual, his spokeswoman said "no."

## Doubting Children's Evidence

Persistent Questioning in Abuse Cases Found Unreliable

By Daniel Goleman

NEW YORK — The testimony of small children has usually been considered truthful unless proved otherwise. Over the past decade such testimony has led to convictions in many child-abuse cases, and the younger the child, the less likely psychologists have thought it was that information could have been fabricated. But a series of recent studies has turned this conventional wisdom on its head.

Researchers have found new evidence that persistent questioning can lead young children to describe elaborate accounts of events that never occurred, even when at first they denied them.

The research is at the center of a continuing scientific debate over the veracity of children's accounts of sexual abuse. The new studies suggest that judges and juries should rely on a child's word when that is the only evidence of abuse.

While earlier research raised questions about the reliability of small children's accounts of sexual abuse, the new experimental studies are the first based on the methods commonly used to question children in legal cases.

The new research was used by investigators in cases like that of Margaret Kelly Michaels, the pre-

school teacher whose 1988 conviction on 115 counts of sexually abusing 19 children was overturned in March by a New Jersey appeals court. The charges against Ms. Michaels were based solely on assertions made by the 3- to 5-year-old children after they were extensively interviewed by investigators.

"Many people who specialize in these cases have a preconceived notion of what happened, and in the course of questioning suggest it to the child, who then report it as though it were true," said Dr. Maggie Bruck, a psychologist at McGill University. She and Dr. Stephen Ceci, a psychologist at Cornell University, published a review of scientific studies of children's suggestibility in the current issue of Psychological Bulletin.

Some researchers fear that the new findings will be used to muzzle investigators.

"It may take a certain amount of leading questioning to get a sexually abused child to disclose it," said Dr. Gill Gidycz, a psychologist at the University of California at Davis who was co-editor of "Child Victims, Child Witnesses: Understanding and Improving Testimony," published last year by Guilford Press.

An estimated 20,000 children testify in sexual-abuse trials each year, and as many as 100,000 are involved in investigations, many of which never go to trial.

The new research focuses on children 6 and younger. A study of nearly 70 children identified probable victims of sexual abuse in New York state found that close to 40 percent were in this age group.

Certain techniques often used by investigators with young children increase the likelihood of false reports, the findings show. One is persistent questioning over periods of several weeks. When sexual abuse is suspected, children are typically asked the same questions by case workers, police investigators and lawyers, as well as parents, before they testify in court.

But that repetition may lead some young children to concoct stories, according to results of a study by Dr. Ceci and colleagues reported last month at a meeting on

## Government, Too, Can Lend

By Adam Clymer

WASHINGTON — The Senate Labor and Human Resources Committee has approved a modified version of President Bill Clinton's proposal to put the federal government in the business of lending money directly to college students.

The plan, which is now almost certain to be enacted in some form, is intended to cut costs both to students and to the government, which now acts as a guarantor of student loans made by private financial institutions.

The most immediate saving would be to students, who now pay fees of as much as \$80 for every \$1,000 borrowed. Under the bill, those fees would be cut in half, whether the loan was coming from the government or from a bank.

The president had proposed that private lenders be eliminated entirely from the government's student loan program. But the bill approved by the Senate committee on Thursday was a compromise that would cap government lending at 50 percent of total student-loan volume. The government lending would be introduced gradually, so that the 50 percent cap would not be reached until 1997-98.

The committee chairman, Senator Edward M. Kennedy of Massachusetts, who has advocated such direct government loans since 1978, said, "Direct lending is the most far-reaching reform of federal aid to higher education in a quarter-century. It means real savings,

and fewer hassles for students, and an end to excessive profiteering by banks, guaranty agencies, Sallie Mae and other middlemen."

He said the existing guaranteed-loan program, which now offers \$15 billion a year in loans to about 5 million borrowers, with subsidies for the needy, "has become a nightmare of red tape, waste and abuse in which students are short-changed, banks get all the profits and the taxpayers bear all the risks."

One novel feature of the bill is that students could choose to satisfy government loans by paying the Internal Revenue Service a fixed percentage of their income for 20 years, or until the loan was repaid, whichever came first.

This option would make it easier for graduates who take low-paying public service jobs to satisfy their loans. The portion of their income that they would pay in tax is so far undetermined but would probably be between 3 and 5 percent.

The plan was approved by a vote of 15 to 2, with the support of all seven Republicans on the committee. The two Democrats who voted against it, Tom Harkin of Iowa and Paul Wellstone of Minnesota, complained that it did not go far enough.

## Away From Politics

As the death of a young Navajo woman dashed hopes that an epidemic of a flu-like illness had begun to abate in the Southwest, federal health officials said they believed that a new or previously unrecognized strain of virus had caused the mysterious outbreak. Researchers said they believed that the microbe causing the illness was a member of the family of viruses called hantaviruses, which are transmitted by rodents.

The administration intends to begin consultations with Congress next week on a plan to resume underground nuclear tests, conduct mine blazes before 1996, then halt all such testing, senior administration officials said Thursday. The officials said the plan was a "pragmatic option" under consideration by the administration but had not been formally approved by President Bill Clinton and would be dropped if it failed to attract sufficient congressional support.

A parish priest and two other men in Philadelphia

who say they were sexually abused by priests when they were children sued Roman Catholic Church leaders Thursday under the federal Racketeering Influenced and Corrupt Organizations Act. The suit in U.S. District Court in neighboring Camden, New Jersey, is the first time the RICO statute has been invoked against church officials or in a sexual abuse case, according to legal experts. The Reverend Gary R. Hayes, one of the plaintiffs, is also the first priest to sue church officials for childhood sexual abuse by another.

A commercial diver says he has found a Nazi submarine containing the remains of more than 50 sailors and spies just off Cape Cod, Massachusetts, where it was sunk in 1944. Edward Michael of Framingham said he found the sunken German U-boat, U-1226, after three years of research. The submarine's mission, he said, had been to drop Nazi spies off the coast of the United States.

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LOTS OF TIME FOR AN AUTOGRAPH — A prison guard in Bogota asking for the autograph of Rene Higuita, goalkeeper of the Colombian national soccer team. He was arrested on charges of bypassing police to help free a hostage held by the drug czar Pablo Escobar Gaviria.

# Israel Army Backs Gay Rights

By Clyde Haberman  
New York Times Service  
JERUSALEM — The Israeli Army, regarded by some Americans as a model world studier in the debate over homosexuals in the military, said Friday that it had issued orders banning discrimination against gay men and women in recruiting and in assignment to sensitive security positions. Officers and civilians familiar with the orders say they also drop a previous requirement that soldiers undergo psychological evaluation if they are found to be homosexuals or declare that fact openly. While such testing is not necessarily abandoned in all instances, the new rules eliminate a mandatory procedure that Israeli homosexuals say has generally worked against them. Reuven Gal, a former army chief psychologist, has acknowledged that known homosexuals were likely to be kept out of intelligence work and certain combat units. "They radically change many things," Professor Uri Even, chairman of the chemistry department at Tel Aviv University, said of the new orders. Professor Even, who had done top-secret military research for many years, helped stir debate on homosexuals and the army when he appeared at a parliamentary hearing in February and told how he was classified a security risk after openly declaring his homosexuality 10 years ago. In recent months, he has worked with senior army officers, government officials and gay rights advocates to write new rules, which were announced in an army statement Thursday night.

# U.S. Allows Tougher Terms for Hate Crimes

Compiled by Our Staff From Dispatches  
WASHINGTON — In an important decision on free speech, a unanimous Supreme Court said Friday that U.S. states can adopt harsher penalties for those who commit "hate crimes" motivated by bigotry. And in another ruling, the court said that a community's ban on animal sacrifices in church rituals violated religious freedom. The high court said the First Amendment protections under the U.S. Constitution did not prevent states from providing longer sentences and steeper fines for crimes based on a victim's race, color, religion or sexual orientation. Ruling unanimously in the Wisconsin case of a black man convicted in the beating of a white youth, the court said government may combat such crimes with tougher penalties than those for crimes not motivated by bias. Chief Justice William H. Rehnquist said for the court in the 12-page ruling that the law at issue does not inhibit free speech and is not unconstitutionally broad. He agreed with the arguments by the state of Wisconsin that the law was not aimed at punishing bigoted thought, but instead only punishes criminal conduct. The ruling reversed a Wisconsin Supreme Court ruling that struck down the state law as a violation of the Constitution's First Amendment. The court also ruled, 9 to 0, in a case from Florida that the Constitution protects a church's right to kill animals in worship services. "The laws in question were enacted by officials who did not understand, failed to perceive or chose to ignore the fact that their official actions violated the nation's essential commitment to religious freedom," Justice Anthony M. Kennedy wrote for the court. The Church of the Lukumi Babalu Aye challenged a ban on animal sacrifices in the Miami suburb of Hialeah. The church practices Santeria, an ancient African-based religion in which animal sacrifice is a central ritual. (Reuters, AP)

# AMERICAN TOPICS

## Fights as a Signal of Divorce: How Often, Not How Dirty

If you must fight with your spouse, fight fair, say marriage counselors — without cruelty, anger or refusal to compromise. But a new study says it's how often you fight, not how dirty you fight, that may foreshadow separation or divorce. A study of 691 married couples, to be published in the Journal of Personal and Social Relationships, found that frequent arguments, no matter how sedate or rationally fought, are a sign of potential trouble. Ron Kessler, a sociology professor at the University of Michigan and co-author of the study, said, "What we're finding is that no matter how you argue, once you've been married for eight or 10 years if you argue a lot you have a high probability of divorce." Katherine McGonagle, a fellow researcher at Michigan and co-author of the study, said: "Chronic conflict with your spouse is one of the most distressing events in life. And one fight too many can be the straw that breaks the camel's back." The researchers found that couples who had been married the longest argued the least, but their fights became nastier. "Long-married couples have learned how to sidestep trouble spots," Ms. McGonagle said. "But when they do get into it with each other, their arguments are likely to be more acrimonious." Mr. Kessler added, "They have more ammo."

## Short Takes

A contest to rename the "Big Bang" with a term more in keeping with the awesome nature of the origin of the universe is being sponsored by Skywatchers' Magazine and Sky & Telescope. "Big Bang" was derisively coined in 1958 by Sir Fred Hoyle, author of the rival "Steady State" theory. Timothy Ferris, a University of California astronomy professor and one of the judges, said, "It's as if Darwin's theory of evolution was known as the 'monkey's uncle' theory." Entries, on postcards only, including name, address and phone number, should be sent to Big Bang Challenge, P.O. Box 9111, Belmont, Massachusetts 02178, U.S.A. There's no prize, except the satisfaction of dreaming up a new name for creation. Those colorful offers in the mail promising a "guaranteed prize" for a mere telephone call are often fakes. The caller gets a high-pressure sales pitch and learns that he or she has to pay a fee before any prize is forthcoming. To warn people off, the U.S. Postal Service obtained mailing lists of people who have responded to such contests, and sent out more than 200,000 postcards from the non-existent "National Unclaimed Sweepstakes Notification Bureau" in Columbus, Ohio, making just such an offer. The 40,000 people who responded heard a recorded message warning them against falling for such con-men. They also were advised never to pay money to enter a "prize" contest, and never to give out their credit-card numbers to anyone they didn't know. Coffee milk is being marketed by Rounybrogk Farm Dairy of Anramdale, New York. Milk blended with decaffeinated coffee, it comes in regular and skim and costs \$2 a pint (about 95 cents a liter). Those who have tried it say it tastes like melted coffee ice cream. A rookie Greyhound bus driver, John Massenberg, was making the red-eye run from Atlanta to Tallahassee, Florida, when he complained of being tired, pulled off the road and moved to a passenger seat to take a nap. One passenger, an off-duty police officer, took the wheel. About 30 miles (about 50 kilometers) further on, Mr. Massenberg awoke and resumed driving. The bus arrived safely, but the driver was dismissed on the spot. "When we say 'Leave the Driving to Us,'" a company spokesman said, "we mean our drivers, not our passengers."

Arthur Higbee

# AMERICAN TOPICS

## PARK: After 'Jurassic Park,' the Movie, Here's Dino Damage, the Toy

Continued from Page 1  
toys are designed to appeal to 6- to 8-year-old boys, while "Toy Story" battery-powered Jurassic Park toothbrush is for ages 4 and up. Will potent merchandising lure into theaters kids who shouldn't be there? "We've been approached by many people who wanted licenses for preschool products, and we've actually turned them down," says Linda Berkeley, senior vice president of business development for MCA Inc. She points out that McDonald's, busily pushing its "Dino-Sized" fries and souvenir JP cups, declined this time to offer a kid-oriented Happy Meal, as it did with the ungentle "Batman Returns" (generating some parental flak). Even if all these hyper-aware consumers don't hit box offices, MCA will do very nicely. A number of products — the movie soundtrack, the home video — will be offered by various arms of the conglomerate. Its Universal Studios theme parks are planning Jurassic Park rides. MCA owns Putnam, which is publishing the JP "deluxe story-book," young adult novels and a 3-D book. Even Winterland Productions, the book company that's selling official JP T-shirts and sweats, is a subsidiary. "There's not a division of MCA that is not involved with 'Jurassic Park,'" Mr. Berkeley says. Other licensees paid top dollar to secure the right to sell official products. Movie properties usually command royalties that range from 5 to 10 percent of sales, but long before a frame of this film was shot, two magic words — "Spielberg" and "dinosaur" — persuaded the bulk of manufacturers to sign on.

# AMERICAN TOPICS

## No movie licensing campaign in recent years has been more aggressive than that for 'Jurassic Park.'

at the upper end of that range. They also agreed to hefty guarantees. (For "Batman Returns," according to a top licensing executive, the guarantee for a single T-shirt licensee was \$6 million.) Creative Confection Concepts, a candy licensee, expects to ship 20 million boxes of genuine Jurassic Park dinosaur cookies (like animal crackers, only more contemporary). Illusive Concepts, a California-based producer of over-the-head latex — masks, has so many orders for Jurassic Park raters and spitters that it can no longer guarantee delivery by Halloween. There are high hopes for a line of 10 different Jurassic Park removable tattoos. Because dinosaurs are generic characters, and because any successful licensing effort attracts counterfeiters, there will be a lot of non-JP dinosaur stuff around this summer, too. To dissuade the knockoff artists, Mr. Berkeley says, MCA has retained lawyers in many countries, plus an investigative team. "We will go after anybody who tries to infringe or sell based on our goodwill," she says. To dissuade consumers from buying ordinary (translation: cheaper) dinosaur products, the company has come up with a particularly disdainful slogan: "If it's not 'Jurassic Park,' it's exact."

# AMERICAN TOPICS

## TO OUR READERS

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BUSINESS OPPORTUNITIES  
FINANCIAL INVESTMENTS  
REAL ESTATE TO RENT/SHARE  
EMPLOYMENT  
EXECUTIVES AVAILABLE  
RELOCATION PROFESSIONAL  
REAL ESTATE FOR SALE  
FRENCH PROVINCES  
SWITZERLAND  
LOVELY APARTMENTS  
USA RESIDENTIAL  
REAL ESTATE TO RENT/SHARE  
FRENCH RIVIERA  
GREAT BRITAIN  
PARIS LA DEFENSE I  
RESIDENCE CARTEL  
74 CHAMPS ELYSEES  
LE CLARIDGE  
HOME PIAZZA MARAIS

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FILM

'Jurassic Park': Thrills And Scientific Seduction

By Janet Maslin  
New York Times Service

NEW YORK — Steven Spielberg's "Jurassic Park" is a true movie milestone, presenting awe- and fear-inspiring sights never before seen on the screen.

The more spectacular of these involve the fierce, lifelike dinosaurs that stalk through the film with astounding ease. Much scarier, however, are those aspects of "Jurassic Park" that establish it as the overnight flagship of a brand-new entertainment empire.

Even while capturing the imagination of its audience, this film lays the groundwork for the theme-park rides, sequels and souvenirs that insure the "Jurassic Park" experience will live on. And on. And on.

The timing of this cinematic marketing coup could not be better, since an entire generation of children has fallen in love with dinosaurs, transforming the fossils of yesterday into the totems of today.

On the other hand, "Jurassic Park" is clearly too frightening for the young viewers who could have best appreciated its magic, and who will most easily be drawn in by its marketing arm.

Parents and guardians, take note: Children who think of Tyrannosaurus rex as a huge hunk of friendly, prehistoric exotica will not want to see a T. rex bite a lawyer in half.

Who will? Well, anyone of an age and disposition to appreciate one of Spielberg's canonical roller-coaster rides and to have read Michael Crichton's novel.

"Jurassic Park" is a gripping, seductively scientific account of a top-secret theme park, named for the era during which dinosaurs reigned. Jurassic Park's main attractions are real live dinosaurs, which have been created through the reconstruction of dinosaur DNA.

The DNA has been obtained through blood found in prehistoric mosquitoes preserved in amber. (The film, being much more mainstream, explains this process with the help of an animated "Mr. D.N.A.")

Crichton, who wrote the film with David Koepp, delights in such details and presents his story as a fascinating, obsessively detailed treatise on both the possibilities and the evils of modern science. "Jurassic Park" is that rare high-tech best-seller punctuated by occasional computer grids to advance its story.

The savviest character in Crichton's book, a glamorous mathematician (yes) named Ian Malcolm, is among several scientists taken to Jurassic Park to inspect the place before it opens. Confronted with the apparent glitch-free nature of this computerized Eden, Malcolm is skeptical. He frequently cites chaos theory as a way of suggesting that theoretically perfect models have a way of going haywire once they run up against reality.

This idea has some bearing on the film version of "Jurassic Park," too. On paper, this story is tailor-made for Spielberg's talents, combining the scares of "Jaws" with the high-tech, otherworldly romance of "E.T.: The Extra-Terrestrial" and "Close Encounters of the Third Kind," and of course adding the challenge of creating the dinosaurs themselves.

Yet once it meets reality, "Jurassic Park" changes. It becomes less crisp on screen than it was

on the page, with much of the enjoyable jargon either mumbled confusingly or otherwise thrown away.

Sweetening the human characters, eradicating most of their evil motives and dispensing with a dinosaur-bombing ending (so the material is now sequel-friendly), Spielberg has taken the bite out of this story. Luckily, this film's most interesting characters have teeth to spare.

Sometimes matching the scare value of "Jaws" (though they also occasionally suggest an educational trip to the World's Fair), this film's dinosaurs trample its humans both literally and figuratively. They appear only for brief interludes, but the dinosaurs dominate "Jurassic Park" in every way.

From Spielberg, an awe- and fear-inspiring movie milestone.

Amazingly graceful and convincing, they set a sky-high new standard for computer-generated special effects. The most important thing about the dinosaurs of "Jurassic Park" is that they create a sense of awe.

You will believe you have spent time in a dino-filled world. That world, on an island near Costa Rica, is the brainchild of John Hammond (Richard Attenborough), a mostly genial developer in Crichton's account but now a tediously merry old codger. Hammond recruits Dr. Alan Grant (Sam Neill) and Dr. Ellie Sattler (Laura Dern) as part of a team that is expected to give Jurassic Park its seal of approval.

But a funny thing happens on the way to the T. rex pen. Because of an industrial saboteur (Wayne Knight) who tries to steal dinosaur embryos, electricity within this automated theme park is turned off. Huge, mean, hungry things start to escape.

Plotting the dinosaurs' escapades is Spielberg's strongest suit, and the director's glee is clear. Spielberg has great fun with every last growl and rumble signaling the approach of danger, as when Ian Malcolm (Jeff Goldblum) looks down to see a mud puddle shake.

He also leaps to the challenge of choreographing ingenious duels, as in a terrific sequence that shows vicious velociraptors stalking Hammond's two grandchildren (Ariana Richards and Joseph Mazzello) through the large kitchen of the Jurassic Park visitor's center. Anybody can stage a fight, but it takes Spielberg to show just how the pots and pans might go flying at the stroke of a velociraptor's tail, or how the children might trick their wily attackers.

In assessing such an episode, it also helps to look at the big picture. Who but Spielberg could convince an audience that there are dinosaurs loose in a kitchen at all?

"Jurassic Park" keeps its viewers on edge while leaving much of its real violence to the imagination. When it's dinosaur feeding time, Spielberg avoids obvious gore; he gets a greater frisson out of showing farm animals that are left near the hungry beasts and suddenly disappear.

To give the velociraptors a suitable introduction, he opens the film with a character whose upper body remains visible while the rest of him is being attacked off camera, à la "Jaws."

Spielberg also gets a last laugh by letting a T. rex muscle aside a museum exhibit of a dinosaur skeleton, rising up against a banner that reads "When Dinosaurs Ruled the Earth." Obviously, they rule again.

ART

A Gathering of Chinese Treasures

LONDON — A dealer stole the show from the auction houses this week as China loomed larger than ever on the art market scene.

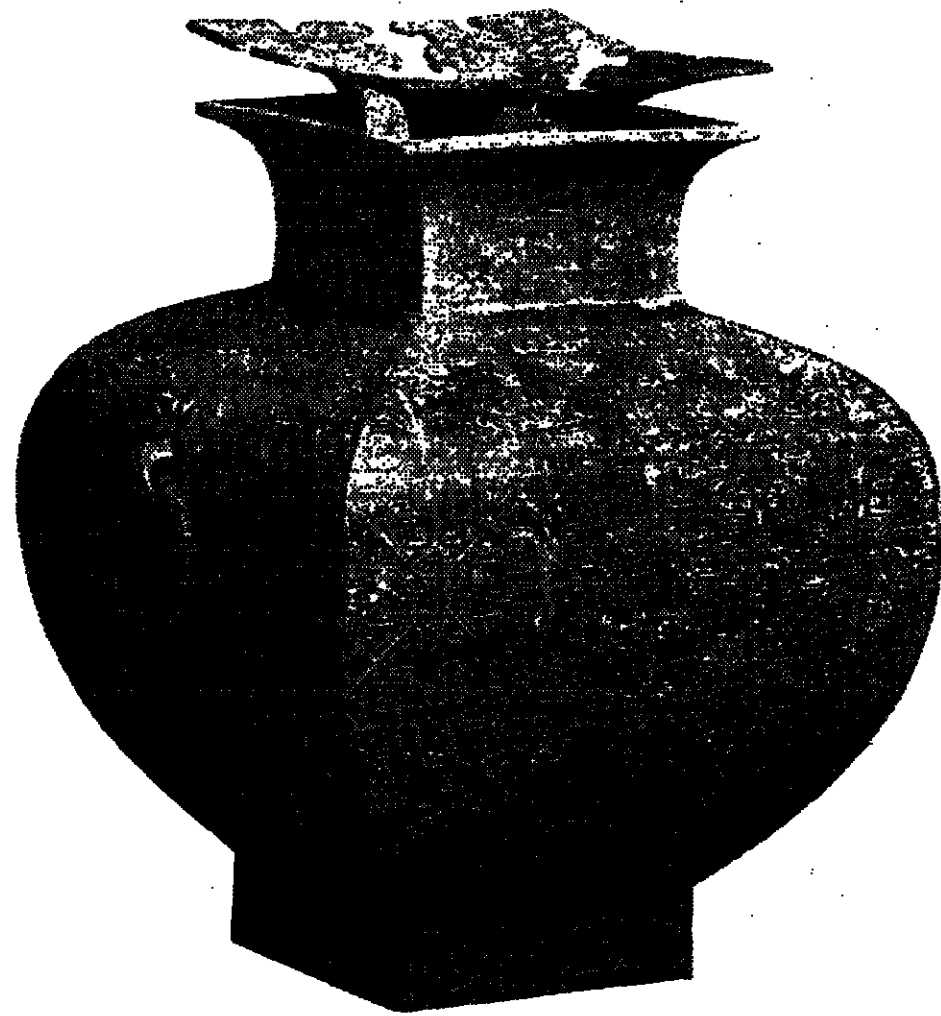
The 48 works of art put together as an inaugural selling exhibition by Giuseppe Eskenazi to celebrate his new premises at 10 Clifford Street would not look out of place in the world's top museums in the field. Indeed, several have already been acquired by institutions. They should be seen while all remain on view, until July 9, if only because most are hitherto unpublished discoveries.

One of the great revelations of the intense archaeological excavations carried out in China in the last three decades is the greatness of Eastern Zhou bronze vessels from the late sixth to the late third century B.C.

One of the two or three most beautiful Eastern Zhou vases I have seen anywhere is in the Eskenazi show. It outshines any object of its period in Western museums. The squat vase rising from a square foot is a masterpiece of form architecture, enhanced by formal patterns with a calligraphic quality and a rhythmic pace that are equally admirable. Hitherto unrecorded coloristic effects have been achieved by inlaying malachite sections and by using different alloys for the body and neck. The price, around £1.2 million (\$1.9 million), did not stop a Kyoto foundation from buying it three days before the exhibition formally opened.

In relative terms, this does not seem as expensive as another unique piece from the very end of the Eastern Zhou period, some time in the third century B.C. The openwork hit of a dagger, cast in bronze, is inlaid with gold and silver bands of formal motifs faintly suggestive of animal shapes. Almost flat, the hit is a calligrapher's idea of a three-dimensional object. It is made even more surprising by a sinuous dragon entwining its body around one of the two bars that rise from the quillons and gradually taper to support a pointed designed like a trilobate arch.

A Japanese collector snatched it up two days before the opening, its £110,000 tag notwithstanding. A third object is even more extraordinary, albeit not unique strictly speaking. There is one matching piece to the Eastern Zhou reclining bull, its back covered with silver-inlaid motifs. It was excavated in 1958 and is now in a Chinese museum. The museum bull is engraved with four characters on the underside, indicating that it was part of the "State Treasure" and belonged to a king. Eskenazi's object was also part of a "State Treasure," obviously



Bronze and malachite vessel of the Eastern Zhou period, fifth to fourth century B.C.

based on sheer attraction to beauty. In the present recessionary circumstances it was, perhaps, the most surprising move. The sculpture is as impressive as the bronzes and the pottery amphora and this speaks more than anything else for the dealer's boldness. Chinese sculpture has not been selling all that easily of late, partly because it comes up so rarely that collectors lose the taste for it.

The Northern Qi (549-577) marble stele in the show is the kind of piece that turns up once or twice in a decade — with luck. The last time a comparable carving was seen in the market was on Dec. 13, 1989, in Sotheby's British Rail Pension Fund sale of early Chinese art.

That stele, like the Eskenazi marble, showed the Buddha standing flanked by two smaller figures. The quality of the faces was greater but the condition not so good — the Buddha was missing both hands.

This too had once featured in an Eskenazi show, back in 1978. Sold at the time to the British Rail Pension Fund for a sum never officially disclosed but known to insiders to have been £150,000, it multiplied that figure more than sixfold in December 1989. It then went to Tatsua Hirano, Japan's leading dealer in Chinese antiquities, who defeated Eskenazi, bidding on behalf of a U.S. museum.

This week, the marble stele in the show was priced at £1.3 million, significantly more than the £935,000 paid by Hirano at Sotheby's when the market was at an all-time high. This did not stop the Cleveland Museum of Art from getting it, after hesitating for several days between the £1.2 million Eastern Zhou vase and the stele. Five of the museum's top brass, including the director, made the trip to finalize the decision. Their feeling, Eskenazi says, was that the stele would have greater public appeal. It is certainly bigger. But the mealy-mouthed, overly pious-looking faces do not put the stele among China's most important masterpieces, rare as it may be. The bronze vase was, by far, the greater work.

For sheer beauty the stunning piece of sculpture in the show is the gray stone head of a Buddha from the Yunkang caves. The fifth century, when Buddhist sculpture first

blossomed on a large scale in China, is perhaps the greatest period for the art. A look of ecstasy, hypnotically lost in contemplation of the invisible, filters through the slit eyes. The small mouth is curled up in a laugh of inner jubilation. The Japanese representative of an institution bought it for £165,000. "We could have sold it five times over," Eskenazi ruefully noted. "We made a mistake, we undersold it," he went on, still smarting at the idea.

Eskenazi, however, should be able to overcome his chagrin. With £2 of 48 works sold for just over £10 million, the dealer has scored the biggest single sale of Chinese art ever in the Western market. Add an extra £1 million worth of goods from the current stock sold this week in the aftermath of the special exhibition, which brought to London anybody who matters in Chinese art from the West Coast to Hong Kong and Japan, and things could look worse for Eskenazi.

Apart from underestimating the world at large that he easily leads the field, he was underlined in the process how unimportant the auction houses are by comparison with the top dealers.

IN Christie's auction of Chinese art on Monday, sales added up to £1.66 million. At Sotheby's the total on Tuesday ran to £1.64 million. The reason is simple. The market has been revitalized by the so-called "classical excavations" that supply masterpieces such as the Eastern Zhou bronze and the Tang vase in the Eskenazi show. The Hong Kong caters to the outside world with instant payment for their big lot. They are not prepared to expose them to the Christie-Sotheby's auction gamble, with the possibility of a reserve not being reached and the whole business being extended over a six-month period in any case. What they consign to auction are the small fry or the rejects after the big shots like Eskenazi, Jim Lilly in the United States and a handful of Japanese dealers have gone through their inventory.

Once in a blue moon, the auction houses get a gem from an old Western collection and it then goes through the roof. It happened on Tuesday at Sotheby's with a Western Zhou bronze of the 11th century B.C. It was recorded in two famous Chinese collections in the last century and was sold to this week's vendor in 1946 by the legendary Shanghai dealer T. Y. King. The bronze climbed to \$935,500, courtesy of Joel Frankel of New York acting on behalf of a New York state collector. Up to \$200,000, there were five bidders fighting over the object. Chinese art has never been in such demand, nor so expensive, recession or not. On second thought, Eskenazi really shouldn't worry so much.

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In Jewelry, the Saga of the Straits Settlers

By Michael Richardson  
International Herald Tribune

SINGAPORE — With a population that is officially classified as being more than three-quarters ethnic Chinese, Singapore appears to many outsiders to have all the

hallmarks of a Chinese city-state. Yet this veneer, which tends to be reinforced by the island's commercial success, glosses over a multiracial background that has deeply influenced many of the leading Chinese families in Southeast Asia.

A sumptuous exhibition in Singapore's National Museum of more than 300 pieces of jewelry and

about 100 supporting items, ranging from a wedding bed to fashion wear and curiosities such as gold toothpicks and tongue scrapers,

tells the story of settlers from China who emigrated to Southeast Asia, starting probably as early as the 14th century.

Many of them arrived in the 18th and 19th centuries in Singapore, Malacca and Penang. Under British colonial rule, these three trading centers were called the Straits Settlements because they lay along the straits of Malacca and Singapore that provided the shortest and safest route between the Pacific and Indian oceans for sailing ships, and later steamers, traveling between Asia and Europe, Africa and the Middle East.

In the Malay patois spoken by the first local Chinese, the term "Straits-born" translated as *peranakan*, with men addressed as *babas* and women as *nanyas*.

But Peranakan wealth, culture and lifestyles extended beyond Penang, Malacca (both part of present-day Malaysia) and Singapore to the main Indonesian cities on the islands of Java, Sumatra and Sulawesi, then under Dutch rule.

Trading contacts led to intermarriage. Kwa Chong Guan, the director of the museum, said that he

could vividly recall his Dutch- and Indonesian-speaking aunts in Semarang wearing jewelry very similar to the pieces in the exhibition.

Partly to avoid persecution and partly because they brought few women with them, early Chinese settlers intermarried with other ethnic groups in Southeast Asia and adopted local characteristics such as the Malay or Javanese languages, cuisine, dress and certain indigenous rituals for use in their own Buddhist, Taoist or Confucian rituals.

From the mid-19th century, as wave after wave of impoverished migrants from China flooded into Southeast Asia in search of a better life, the established Straits Chinese sought to preserve their identity and status in ostentatious displays of wealth, especially by building impressive family homes and endowing their women with jewelry.

The exhibition, which is well displayed and clearly explained, is marked by elaborate use of gold and precious stones, particularly diamonds, in finely wrought jewelry, and richly colored materials in garments for everyday and ceremonial wear.

"Gilding the Phoenix: The Straits Chinese and Their Jewelry" is at the National Museum of Singapore until Aug. 30.

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ART

Saturday-Sunday, June 12-13, 1993 Page 7

# In Paris, Tracing the Roots Of the Jewish Community

By Mark Kurlansky

PARIS—It has been France's fate to be better known for its anti-Semitism than its Judaism. Such national disgrace as the persecution of Captain Alfred Dreyfus and the deportation of a fourth of French Jewry to Nazi death camps are, and should be, well remembered.

But it is often forgotten that what gives these events a heightened drama is that they are anomalies in French history. Starting with the French Revolution, which granted Jews equal rights, France has been seen, most of the time, as a good country for Jews. While the fact is not widely recognized in world Jewry, France now has the fourth-largest Jewish population in the world and Paris has become the largest Jewish center in Europe.

The Ministry of Culture, the City of Paris and the official French Jewish community have decided to pay homage to this reality with what promises to be an important new museum. Le Musée d'art et d'histoire du Judaïsme is under construction in a neglected mansion in the Marais district of Paris and is scheduled to open in the end of 1996.

Until now a tourist spending a week doing the sights of Paris has gotten little sense of being in one of the great Jewish centers of the world.

Theo Klein, a community leader who is vice president of the new museum's administrative council said, "For Jews it will be a chance to learn about their history. For others it will be a chance to appreciate that there is an important Jewish community here and has been for a very long time."

The opening of the huge Holocaust Memorial Museum in Washington in April has further underscored a frustration in French Jews that all the major Jewish exhibitions have been established either in the United States or Israel. Klein, a veteran of the French Resistance said, "Without in any way criticizing the Holocaust Museum, I think France has far more roots for a Jewish museum than does Washington."

The French government has made available an imposing space and 140 million francs (\$25 million) to restore it. Situated on Rue du Temple in an area that is fast becoming the cultural tourist center for the city, the private mansion, the Hôtel Saint-Aignan, with its Baroque facade, three passages around a courtyard and a huge, currently overgrown garden, offers 3,100 square meters (33,000 square feet) of exhibition space in a historic setting.

This comes at a time when Europe is abounding with Jewish museums. Amsterdam has restored four back-to-back synagogues in what was once a bustling Jewish neighborhood and uses it to display articles from four centuries of Dutch Jewish life, which was reduced to a minuscule community by the wartime deportation of 90 percent of the Jewish population. In Berlin, once a major Jewish center with only a few thousand Jews remain, an architecturally ambitious project will house a museum to the Jewish life of Berlin. In 1988 a museum on Frankfurt Jewry opened. Vienna has a new Jewish museum. Belgrade has one. Since the collapse of communism Prague, Krakow, Budapest, Kiev and Lvov have all drawn tourists to museums about their depleted Jewish communities.

Until now, London has been the only European city

that offers a Jewish museum (the Jewish Museum and the London Museum of Jewish Life) against the setting of a large, thriving Jewish population.

With the help of the migration of 350,000 North African Jews, France is the only Nazi-occupied country that today has a larger Jewish population than in 1939. While the North Africans represent 60 percent of French Jews, the diverse community also includes descendants of longtime French Jews, Alsatians, Central European immigrants from the 1920s and '30s, Greek and Turkish Jews—a true cross section of the Jewish Diaspora.

The ambitious new museum will reflect this diversity. "We will show that Judaism here is not one thing. It has many components," said the museum's curator, Laurence Sigal.

Nevertheless, the emphasis will be on France, particularly the period between the French Revolution and the Dreyfus affair in 1894. Newspapers, posters and other documents will show the shocking wave of anti-Semitism unleashed in France during the trial, imprisonment, revival, and pardoning of Dreyfus, a bourgeois, assimilated Jewish army captain who was ruined simply because he was Jewish.

WHY this was such a shock will also become clear by the collection from the century leading up to the Dreyfus case, a period in which French Jews enjoyed equality in exchange for an astounding degree of assimilation. Rabbis began dressing like priests, organs were put in synagogues. It was even proposed that the Sabbath be moved from Saturday to Sunday. Among the displays in the new museum will be a card sent to a French Jewish general in North Africa for the Jewish high holiday wishing him, "a patriotic Rosh Hashana."

Drawn from various sources, including a small Jewish art museum in Montmartre, the museum will house an important collection of French Jewish art, especially from the so-called Paris Jewish School. This was not a school in the sense of centering on a particular artistic concept but rather a label for an impressive array of Jewish immigrant artists who lived and worked in Montmartre from 1915 to 1930, including the painter Marc Chagall and the sculptor Jacques Lipchitz.

The museum will also house a collection of Jewish artifacts from the middle ages to the 20th century, including the Rothschild collection currently stored, but only occasionally on view, in the Chny Museum. The Jewish collection from the Carnavalet, a nearby museum of the City of Paris housed in a similar restored mansion, will also be transferred.

Other plans include a photo archive, a cinema and an extensive library of Jewish culture that, unlike the excellent but inaccessible Jewish library that has served Paris since 1860, will be an open-stack facility for amateur browsing.

Once Le Musée d'art et d'histoire du Judaïsme gets on the tourist circuit along with the nearby Picasso Museum, Carnavalet and Pompidou Center, visitors will understand that Paris is an important center not only of culture but also of Jewish culture.

Mark Kurlansky is an American writer currently working on a book about postwar European Jewry to be published in 1994.



Detail from "Vilna Nights," a video installation by Eleanor Antin in "From the Inside Out: Eight Contemporary Artists," at Jewish Museum.

# Making the Case for a Specialized Museum

By Michael Kimmelman  
New York Times Staff

NEW YORK—Fashion seems to have caught up with the Jewish Museum, again. For a while, during the mid-1960s, it included the Modern and the Whitney and the Guggenheim as the New York institution most committed to the cutting edge in art, organizing exhibitions of up-and-comers like Robert Rauschenberg and Jasper Johns and Kenneth Noland, and the show credited with launching Minimalism, "Primary Structures."

Then its trustees decided to turn away from a program that had little or nothing to do with Jews and Judaism. When the director of the museum, Sam Hunter, resigned in 1967, he cited as the cause of his discontent the "increasing emphasis on Judaism at the expense of contemporary art."

Thereafter the museum, while becoming more central to the Jewish community, often seemed like a backwater in the bustling New York art scene; for many in the art world, it virtually ceased to exist.

But now, when widening ethnic rifts shape urban politics and multiculturalism dominates intellectual debate, the institution's emphasis on ethnic identity and social history has become downright trendy. The museum that reopened Sunday in expanded quarters in the French Gothic Warburg mansion on upper Fifth Avenue, its home since 1947, seems almost perfectly in step with the latest multicultural theories.

The museum's reopening brings into focus the perennial issues surrounding institutions devoted to the culture of a particular group, from the Studio Museum in Harlem, which is now celebrating its 25th anniversary, to the Museo del

Barrio in Harlem, to the National Museum of Women in the Arts in Washington: Do they promote factionalism and polarization? Do they ghettoize the art on view? Should they be self-promoting or self-critical? And to what extent do they differ from museums that appear to have a broader mandate but are themselves limited in their purview, like the Whitney, which is devoted to American art, or the Guggenheim, which concentrates on 20th-century art?

Founded in 1904 as part of the Jewish Theological Seminary of America, in whose library it resided during its first four decades of existence, the Jewish Museum has grown to be the largest institution of its kind outside Israel.

The museum's two-and-a-half-year, \$36 million expansion, masterminded by the architect Kevin Roche, includes an addition that increases the museum's size from 52,300 to 82,000 square feet (4,900 to 7,625 square meters). The changes provide two floors for temporary exhibitions and two for a permanent display that traces 4,000 years of Jewish life.

Among other things, the new galleries allow the museum to keep on view for the first time a broad selection of art and Judaica from its collection of 27,000 objects.

That experience may involve the very absence of Jewish content. A show organized a few years ago about Jewish painters and sculptors in Paris during the first half of this century illustrated the degree of assimilation that characterized their work.

It is no surprise that some artists have declined to exhibit in the Jewish Museum, fearful that it might misrepresent them as first and foremost Jewish. But the question of whether a specialized museum like the Jewish Museum ghettoizes the art in it is perhaps wrongheaded.

Art is open to countless interpretive possibilities, and every institution, explicitly or not, focuses on a specific few, whether it is the Jewish Museum or the Modern. In some respects, the Jewish Museum may enjoy more leeway when it comes to interpreting the art it presents than so-called mainstream institutions.

This is because the criteria by which objects are judged obviously differ from those at a place like the Modern. Writing in the catalogue for the Jewish Museum's opening show, "From the Inside Out: Eight Contemporary Artists," the critic Arthur Danto discusses the rise of specialized museums, like the National Museum of Women in the Arts, during the last quarter century, pointing out that the notion of the art museum as a disinterested exponent of quality has been replaced by the notion of the museum as an "interested" focus of pride for a particular group. "Quality belonged to a different conception of the museum," Danto observes.

Certainly for Joan Rosenbaum, the Jewish Museum's director since 1981, and her curators, the formal qualities of the objects on view matter, but not as ends in themselves. The museum has been staunch in its development of the sort of thematic shows devoted to social history that mainstream museums have lately found alluring. But the Jewish Museum's success has depended on art that audiences at another museum might not consider of enough formal interest.

"In the end," says Rosenbaum, "we are not telling Jewish history; we are telling about the experience of a diverse people—how we see ourselves, how others see us." What the Jewish Museum offers all people, she says, is "a way to think about their own cultural identity."

# To Be American and Victorian

By Hank Burchard  
Washington Post Service

WASHINGTON—Her mother never told her some things that young Victorian bride found herself submitting to unspeakable acts on her wedding night. She not only had to yield the virginity whose preservation had long been her principal obsession, but also any remaining pregnancy might amount to a death sentence from the childbed fever.

This shocking segue of sex from sin to sacrament to sacrifice was just one of the cruel conflicts that bubbled beneath the placid surface of middle-class life in post-Civil War America, explored in "True Love and a Happy Home," a gaudy probing photo exhibit at the DAR Museum.

For the first and perhaps the last time in American history, a sizable segment of the female population was "at leisure." This freedom was a result of the proliferation of white-collar jobs created by the enormous business and industrial boom stimulated by the Civil War.

Many veterans found farm life too dull after the service and sought work in the prospering cities; their sons went to school and became salesmen, clerks and accountants with large enough salaries to support an entire household, including servants.

For women, virtually the only respectable alternatives to marriage were such good works as teaching, nursing or missionary work, or a life quietly sacrificed to the care of other family members.

Described by the curators, Diane Dunkley and Catherine Beggs, as "the only woman in America who made a career for herself as a genre painter before the Civil War." Represented by several paintings in the exhibition, Spencer was limited by the art world and her own inclinations to such topics as "motherhood, children and domestic femininity" among "white, urban, middle-class women."

Because it was new and not yet categorized, photography was one pursuit open to artistic women. One outstanding early practitioner was Clover Adams, who perhaps was driven to suicide by being hooded by the indifferently polite, arrogant and self-centered Henry Adams. She's represented here by the only known photograph of her as an adult, and a reagent beaker such as the one from which, her husband said, she drank potassium cyanide in 1885.

There are more than a hundred photos on display, handsomely mounted in arrays that suggest the fabric of Victorian lives, including scolding glances at the servants, black and white, whose labor underlay the leisure of the pampered prisoners of privilege.

Mark Kurlansky is an American writer currently working on a book about postwar European Jewry to be published in 1994.

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Herald International Tribune

Haiti: Getting Serious

After 20 months of dithering, Washington finally seems to have summoned the political will to apply serious pressure for the restoration of democracy in Haiti.

After 20 months of dithering, Washington finally seems to have summoned the political will to apply serious pressure for the restoration of democracy in Haiti.

The General Overstepped

The U.S. military is not an interest group. It is not a separate branch of government. It is not a political party. It is the fighting arm of the civilian, democratically elected government of the United States, and it is under the control of the commander in chief, the president.

The United States is a country where votes, not guns, set the rules. The American military has been a remarkable institution because it has had at its disposal weaponry of unparalleled power and yet has always submitted to the authority of the electorate.

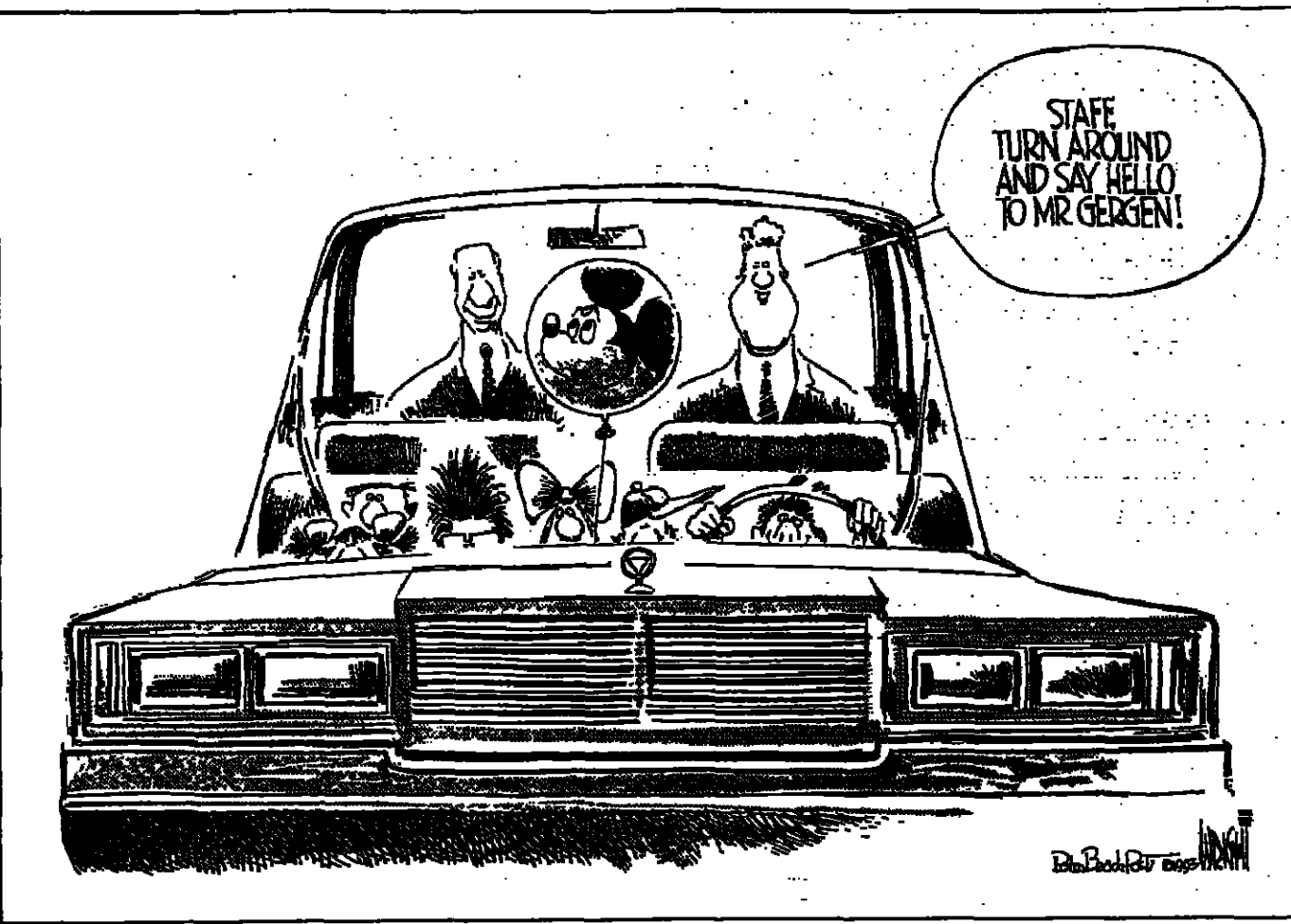
Energy: Retreat to Victory

President Bill Clinton's Btu tax is dead, killed by rising opposition in Congress. But the Clinton budget plan can still survive if administration supporters in the Senate pursue a simpler energy tax that will do what the Btu tax could not — raise tens of billions without triggering crippling opposition by American manufacturers.

These flaws are not necessarily fatal, but they are serious. Mr. Breaux is pushing to replace the Btu tax with a tax on gasoline and other transportation fuels. The tax would raise gas prices at the pump by about 7 cents — about the same as the Btu tax passed by the House — and fall largely on consumers rather than manufacturers.

INTERNATIONAL HERALD TRIBUNE

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Germany's Problem Is Europe's, and the World's

PARIS — The West European problem remains, at its vital core, the German problem, and to an important extent this is the all-European problem as well. Germany still is not comfortable with itself, nor confident of its future, and this insecurity fuels an anxiousness about Germany elsewhere, above all in countries of the East.

day a hospice for asylum-seekers was set afire. The state of North Rhine-Westphalia reported 70 acts of violence against foreigners in the days from May 29 to June 8. Federal government figures report 561 attacks on foreigners, in addition to 24 of an anti-Semitic character, from the first of this year to May 27. The Turkish community now is organizing and fighting back in the streets.

most of the rest of Europe), producing an overall unduly Deutsche mark, uncompetitive labor costs and low productivity. Add to that the crisis of rising social expenditure experienced across Western Europe, and the result is a situation in which German morale and confidence have plummeted.

For This Bold Experiment, Italians Deserve Respect

ROME — The glory that a visionary finds in Rome in June is outshone by the spectacular and largely unheralded revolution of the political culture that is unfolding across Italy in the guise of a campaign against corruption.

In effect, the ruling classes of the United States and Italy struck a bargain. For its solicitude — why not finally call it by its true name: intervention — Washington got Italy as an ally and partner and as a military and intelligence platform.

for two generations without becoming corrupt? Last week in Rome, I found myself recalling a Washington dinner some 20 years earlier. Snifters in hand, some American and Italian lions of the Cold War had turned nostalgic about Italy's American-assisted struggle after World War II.

The Government and Race at the Polls

BOSTON — Is it time for the U.S. government to ease up on enforcing the right to vote in areas that have a history of discrimination against black voters?

I asked Mr. Turner whether the time had come for the federal government to reduce its enforcement role. "Clearly," he replied, "there's reason to keep on the alert. The issues have become more sophisticated than whether a registrant kept applicants waiting in the sun for three weeks. But there are still problems of intimidation."

struggle. But the country is facing them with confidence that no intrigue of the enemy can ever break our unity by means of those industrial conflicts and conflicts of classes which he has tried so actively to foment."

No Room For Huddled Masses

By A. M. Rosenthal

NEW YORK — By nightfall that day, American immigration officials had made passengers off the Golden Venture feel right at home, as if they were still in China. They put them in handcuffs, sent them to distant prisons and made sure they did not see any lawyer.

JAVICO 1350





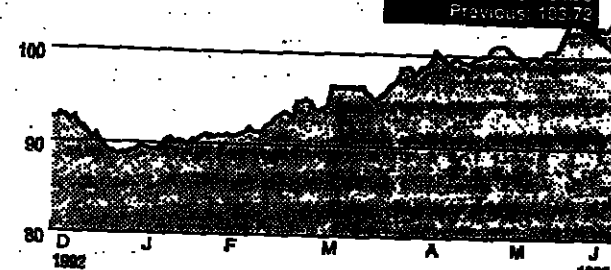
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Region	Approx. weighting	Close	Prev.	Chg.
Asia/Pacific	25%	121.52	120.20	+1.32
Europe	40%	98.08	98.45	-0.37
N. America	35%	85.34	85.03	+0.31

Industrial Sectors	PL	Per. chg.	% chg.	PL	Per. chg.	% chg.	
Energy	103.55	104.75	-1.15	Capital Goods	102.34	101.75	+0.58
Utilities	111.43	110.21	+1.11	New Materials	103.42	103.66	-0.23
Finance	111.42	110.51	+0.92	Consumer Goods	88.97	88.29	+0.68
Services	112.96	112.52	+0.38	Miscellaneous	104.04	104.15	-0.11

For readers desiring more information about the International Herald Tribune World Stock Index, a booklet is available free of charge by writing to: Trib Index, 181 Avenue Charles de Gaulle, 92281 Neuilly Cedex, France.

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## ECONOMIC SCENE

### A Corporate Tax Break In Clinton's Budget Plan

WASHINGTON — President Bill Clinton's economic package is a little-known, but increasingly complex provision that would ease requirements for companies to pay a minimum tax when their profits fall to zero.

But the bad news is that Senator Bill Bradley, Democrat of New Jersey, and some liberals are making a last-ditch effort to scuttle this provision, which according to congressional estimates, would cut corporate tax payments by \$8.9 billion over the next five years.

### Some senators are opposed to gutting the minimum tax.

Chrysler, Bethlehem Steel, Champion International and other capital-intensive companies say the minimum tax discourages new investment and penalizes them unfairly when hard times squeeze their profits.

Mr. Bradley argues that proposals to reduce the minimum tax would put loopholes back into the tax code just when legislators are striving to find ways to slice the budget deficit.

He and his allies fault the proposed change not only because it is expected to cost many times more than the \$1.3 billion the administration originally estimated, but also because it could largely wipe out the minimum tax. According to officials with the Joint Tax Committee of Congress, the minimum tax, before the proposed changes, is expected to collect about \$10 billion over five years.

The alternative minimum tax on corporations was enacted in 1986 after many legislators became embarrassed that scores of corporations were paying no income tax, largely as a result of generous depreciation provisions enacted in the early 1980s.

By requiring many companies to pay less generous depreciation rules, the tax made hundreds of companies pay some tax even though they had minimal obligations under standard corporate income tax.

The theory behind the tax is that there are various tax breaks out there, but if you use them too much, then you're going to be hit by this other tax," said Jane Gravelle, a tax economist with the Congressional Research Service.

Mr. Bradley is working to persuade his colleagues on the Senate Finance Committee to keep as much of the minimum tax as possible, but he faces heavy industry opposition. At the same time, another powerful member of the committee, Senator David L. Boren, an Oklahoma Democrat who is a fierce critic of the president's economic plan, says that easing the minimum tax will do more than anything else in the package to create jobs.

## Clinton On Japan: It's New, And Old

By Keith Bradsher  
New York Times Service

WASHINGTON — As a symbol of how President Bill Clinton's newly announced Japanese trade policy is similar to that of President George Bush, consider Harold A. Posing, the strong-minded chairman and chief executive of Ford Motor Co., who accompanied Mr. Bush to Tokyo last year for trade negotiations that proved to be a political disaster.

On Friday, Mr. Posing came to Washington to join another round

## NEWS ANALYSIS

of talks with Japan, this time for Mr. Clinton. But while his business companions last year were other Big Three chairmen, they were replaced Friday by the chief executive of a far broader group of companies — Motorola Inc., Apple Computer, Tenneco Automotive, and American International Group, the insurance giant.

The U.S.-Japan talks are aimed at setting a new economic agenda between the two financial powerhouses.

After months in which trade watchers pounced over often-contradictory signals from the administration over its trade policy, the U.S. proposal announced this past week seems to be what Mr. Clinton said in February it would be: something in-between.

It tracks the Bush approach by keeping America open to imports, seeking to tear down Japanese barriers and avoiding public threats of trade sanctions. And it paves a middle path between free trade and protectionism much like the Bush administration, which denounced managed trade while obliging Japan to limit its car shipments here and Taiwan to limit its shipments of factory tools.

There are significant differences, too. The Clinton policy uses a few extra numerical targets, such as seeking to reduce the Japanese trade surplus with the rest of the world to between 1 percent and 2 percent of the country's annual economic output.

Former Bush administration officials are most alarmed by the setting of targets for Japan's overall trade surplus with the world. The reason is that the trade surplus could be trimmed not by opening the Japanese market to im-

ports but by cutting U.S. exports.

See POLICY, Page 13

## MiG: In From the Cold French Firm to Help Develop Aircraft

By Jacques Neher  
Special to the Herald Tribune

PARIS — The maker of Russia's MiG fighter, symbol of the Soviet Union's military might, said Friday it would join Groupe Sncema, the French aircraft-engine producer, to develop an advanced military training aircraft.

The accord, which could involve production of up to 600 aircraft for Russian and foreign forces, is the latest in a rash of links between Russian aerospace companies and Western counterparts.

Convinced they cannot fly solo into the global market, the Russian design bureaus hope such ventures will add credibility to their bargain-basement prices so they can successfully penetrate the global market — and further what is already a severe crisis in the Western aircraft industry.

On Friday, Ilyushin Aircraft Association announced that it had received 30 firm orders, including 10 from the West, for its Ilyushin-96M, a 350-passenger wide-body powered by Pratt & Whitney engines and electronic flight controls made by Collins Avionics, a unit of Rockwell International. The \$70 million aircraft is a competitor to the Boeing 767 and the Airbus A-340.

Also being launched at the Paris Air Show is the Tupolev 204, a 214-passenger craft featuring a British-designed interior and Rolls-Royce engines. Priced at around \$35 million, this airliner will go head-to-head against the Boeing 737 and the Airbus A-320.

The deal between Sncema and the ANPK Mikoyan Design Bureau calls for the French engine maker to adapt its 10-year-old Larzac powerplant for the new MiG AT, an advanced training jet designed to prepare fighter pilots.

The agreement gives Mikoyan access to off-the-shelf Western technology as well as providing an opening to Western markets.

See MIG, Page 11

## N.Y. Times Buys Boston Globe In Biggest U.S. Newspaper Deal

By William Glaberson  
New York Times Service

NEW YORK — The Boston Globe, one of the few large American newspapers that remain under family control, is to be sold to the New York Times Co. under a \$1.1 billion merger agreement approved by the boards of both companies.

The deal provides that The Globe will retain its management and editorial autonomy. Yet it adds to the decade-long centralization of American communications, under which many independently owned news organizations have been sold or closed down. It will also considerably expand the role of the Times Co. and its controlling family, the Sulzbergers, in the country's media.

The purchase price, to be paid largely in the stock of The New York Times Co., is the highest ever for an American newspaper, securities analysts said this week as rumors of the proposed deal spread in Boston and on Wall Street.

The companies valued the offer for The Globe's parent company, Affiliated Publications Inc., at \$15 a share for each share of Affiliated. Shares of Affiliated

declined 25 cents on Thursday on the New York Stock Exchange, but rose \$7.5 cents on Friday, to close at \$13.625. The New York Times Co.'s stock fell 62.5 cents a share on the American Stock Exchange on Thursday, and lost a further \$2.50 Friday to \$24.375, as investors worried that earnings per share would be diluted by the issuance of Times stock to Affiliated stockholders.

The merger would extend the Times Co.'s reach in a broad corridor from Maine to Washington, giving it a huge new advertising market in New England.

This week, as word of the possible agreement spread among financial and newspaper securities analysts, some were enthusiastic about the prospects that the Times Co. might establish a firm hold on such a densely populated region. Others expressed skepticism about a strategic decision to invest the company so heavily in the newspaper business, which has had slow growth in recent years even though it still produces substantial profits.

What the companies called a "definitive agreement" was signed early Friday. The deal remains subject to regulatory review.

See GLOBE, Page 11

## Kuwait Softens Tone on Output, Oil Prices Slide

Compiled by Our Staff From Dispatches

GENEVA — Kuwait sharply toned down its defiance of the other members of OPEC on Friday, saying it would watch oil prices carefully before following through on plans to boost crude output. But oil prices again ended sharply lower.

Oil Minister Ali Ahmed al-Baghi said that while Kuwait had the right under a previous OPEC accord to pump as much as 2.16 million barrels of oil per day by the end of September, it probably would not do so.

On the New York Mercantile Exchange, light sweet crude for July delivery plunged 30 cents to finish the day at \$18.98.

North Sea Brent, the benchmark crude, for July delivery, tumbled 26 cents Friday to \$17.70 a barrel. It fell as low as \$17.55 during the day, but climbed back after Mr. Baghi's remarks. Brent lost 30 cents on Thursday.

Mr. Baghi said it was "unlikely" that Kuwait would produce 2 million barrels per day and added, "We shall practice restraint and we urge the others to do the same and act in a responsible way."

The apparent softening of the Kuwaiti stance came a day after that government rejected a new OPEC output accord for the third quarter of this year and vowed to pump as much crude as it wanted.

Earlier Friday, Saudi Arabia, the world's biggest oil producer, promised to abide by its output quota under the new production agreement despite Kuwaiti reservations.

Kuwait refused to sign the production accord that the Organization of Petroleum Exporting Countries group clinched Thursday, on the argument that the pact did not fulfill the emirate's demands that it be allowed to boost output to more than 2 million barrels per day, from 1.6 million barrels under the current agreement.

"Saudi Arabia is going to adhere strictly" to its quota, Oil Minister Hisham Nazer of Saudi Arabia said as he left Geneva after strategy talks at which OPEC ministers agreed to freeze their current production ceiling until the end of September. "If everybody adheres," he

added, "we think the market will stabilize."

Saudi Arabia pumps 8 million barrels of oil a day, about one-third of OPEC's total supply.

Its clear support of the accord could help reassure markets, analysts said, Saudi Arabia was the most vocal in blocking a big quota increase for Kuwait.

Quota-busting by some OPEC members and a weak global economy have left markets awash in oil and trapped the price for the cartels' basket of crudes more than \$3 a barrel below its \$21 target.

Independent analysis estimate that OPEC pumped about 24.2 million barrels per day in May, well above the 23.6 million ceiling that ministers decided to keep in place.

During three days of tough talks this week, Kuwait contended that OPEC ministers had reneged on a promise in February that the emirate could pump significantly more oil starting July 1.

That was the price it demanded in exchange for rejoining OPEC's quota system, from which it was excused while it rebuilt oil fields set on fire by Iraqi troops during the Gulf War.

If prices stay weak, Kuwait indicated it would probably not boost output as much as it had suggested. "It all depends on the price," Mr. Baghi said. "We shall monitor the market very carefully and we shall act in a very responsible way."

He vowed that any increase in production rise would be gradual. "If we see any signs that it would do any harm to the market we will even cut it," he said.

OPEC ministers predicted that even if Kuwait widened its taps, other members would abide by their supply quotas.

"I expect there will be adherence because the stakes are so high," said Oil Minister Alirio Perra of Venezuela.

Michael Rothman, senior commodity analyst at Merrill Lynch in New York, said the OPEC deal would probably help boost prices even if some members disregarded their quotas.

(Reuters, Bloomberg, AP)

## CURRENCY & INTEREST RATES

Cross Rates	June 11
Australia	1.285
Canada	1.215
Denmark	1.215
France	1.215
Germany	1.215
Italy	1.215
Japan	1.215
Netherlands	1.215
Spain	1.215
Sweden	1.215
Switzerland	1.215
UK	1.215
US Dollar	1.215

## Eurocurrency Deposits

Denar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU
1 month	3 1/2-4	3 1/2-4	3 1/2-4	3 1/2-4	3 1/2-4	3 1/2-4
3 months	3 1/2-4	3 1/2-4	3 1/2-4	3 1/2-4	3 1/2-4	3 1/2-4
6 months	3 1/2-4	3 1/2-4	3 1/2-4	3 1/2-4	3 1/2-4	3 1/2-4
1 year	3 1/2-4	3 1/2-4	3 1/2-4	3 1/2-4	3 1/2-4	3 1/2-4

## Key Money Rates

United States	Europe	Japan
3-month Treasury bill	5.50	5.50
6-month Treasury bill	5.50	5.50
1-year Treasury bill	5.50	5.50
3-month Eurobond	5.50	5.50
6-month Eurobond	5.50	5.50
1-year Eurobond	5.50	5.50

## A US commitment to Macedonia

### More attacks in Croatia

### New discord in OPEC

### Uruguay Round uncertainty

### The aircraft subsidies dispute

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Herald Tribune



Oil Stocks' Losses Temper a Rally

Bloomberg Business News NEW YORK — U.S. stocks gained Friday on signs that inflation is under control after the Labor Department said producer prices were unchanged last month. But the rise of the Dow industrials was curbed by declines in oil stocks as a result of OPEC's flawed output accord.

The Dow Jones industrial average rose 13.29 to 3,505.01, closing below a session high of 3,514.97. The fall in Texaco Inc., Exxon Corp. and Chevron Corp. slumped almost 13 points off the average. Oil stocks slumped as crude prices fell below \$19 a barrel for the first time since early January. The decline in oil prices was prompted by Kuwait's rejection of the OPEC agreement to maintain its current ceiling on oil production and said it would increase its own output.

RATE: Fed Off the Hook, for Now

Continued from Page 1 said Friday's producer index clearly pointed to a moderate number at the retail level when that index is published on Tuesday.

"Inflation has stopped accelerating, and we will likely have a pause over the next few months," said

Foreign Exchange Joel Popkin, a former government statistician who runs a consulting firm.

The core producer rate, which excludes food and energy, rose a modest 0.2 percent, propelled in part by a spurt in tobacco prices that is unlikely to be sustained in the price wars now under way.

"Can you imagine what a mess it would have been in the Senate if the numbers showed the Fed had to act soon to raise rates?" said Mickey Levy of CRTI Government Securities.

Mr. Clinton obviously had the same idea and invited Mr. Greenspan to the White House Wednesday night for an hour's meeting accompanied by his economic advisers. They argued that inflation was dormant and there was no need to raise interest rates.

The White House press secretary, Dee Dee Myers, signaled success to reporters by claiming that Mr. Greenspan said the Clinton deficit reduction program would help keep interest rates down. Several hours later, in a clarification demanded by the Fed, she said she

the New York Stock Exchange. Trading was active, with about 253.5 million shares changing hands on the NYSE.

Stocks soared Friday morning after the government said producer prices were unchanged in May. Long-term interest rates fell on the producer-price report and that helped fuel the rise in the stock market, traders said.

"The producer-price report helps people realize the inflationary surge was probably only temporary," said Ronald Doran, director of institutional trading at C.L. King & Associates Inc.

The yield on the benchmark 30-year Treasury bond fell seven basis points to 6.80 percent, the lowest level in more than a month.

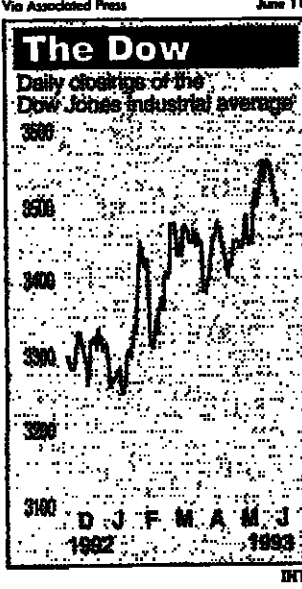
Interest rates will likely head even lower on hopes the Federal Reserve won't move any time soon to raise rates, economists said.

Galen Health gained 3 1/2 to 18 1/2 after the hospital operator definitively agreed to merge with Columbia Hospital Corp. The merger will create one of the largest U.S. health-care providers. Galen holders would receive 0.775 of a share of Columbia for each of their shares. Columbia's stock rose 1 1/4 to 26 1/4.

Mr. Jones predicted that the challenge to Mr. Greenspan would get tougher as businesses try to raise prices to make up for the lack of plant capacity they dumped to cut costs in the 1980s. Furthermore, they will also try to pass along to consumers the costs of medical and job training programs.

As economic growth resumes at an expected pace of slightly better than 3 percent later this year, Mr. Jones said the Fed cannot afford to leave its benchmark short-term federal funds rate at its current low of 3 percent.

Dollar Little Changed The dollar was initially undercut by the inflation data, falling a piffling amount against the Deutsche mark. But by the New York close, it was down only slightly, at 1.6278 DM, from Thursday's 1.6285 close.



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Table with columns: High, Low, Close, Chg. Lists Standard & Poor's Indexes.

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Table with columns: High, Low, Close, Chg. Lists AMEX Stock Index.

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GE Slashes Jobs in Jet-Engine Plants

EVENDALE, Ohio (Bloomberg) — General Electric Co. said Friday it planned to cut 1,400 jobs next year at its Evendale, Ohio aircraft-engine plant, and to close its engine-component plant in Seattle, amid the global slump in the airline industry.

The Evendale plant now employs 12,400 workers, and the Seattle plant has about 200 workers, General Electric said. The planned moves come as part of a consolidation at the company's aircraft-engine unit, which will consolidate component-making operations at its Fort Wayne, Indiana plant.

GE said about 400 of the planned Evendale cuts reflected sliding volume and the rest represented work transferred to other facilities.

Merger Expands U.S. Hospital Chain

NEW YORK (NYT) — Galen Health Care Inc. and Columbia Hospital Corp. have announced plans to merge, creating the largest for-profit hospital chain in the United States.

Analysts said the merger, a tax-free stock swap valued at about \$4.1 billion, including \$1 billion in Galen debt, would be virtually an acquisition by Columbia, which is based in Fort Worth, Texas.

Columbia, a rapidly growing group of 26 Southern hospitals, would take command of Galen, based in Louisville, Kentucky, which is more than three times as large. Former Galen directors would have six seats on the new board, and Columbia directors would have five. The combined companies would have 99 hospitals with more than 22,000 beds and projected 1993 revenue exceeding \$5 billion.

LTV Bid to End Bankruptcy Upheld

NEW YORK (Bloomberg) — A bid by three LTV Corp. creditors to delay the steel company's emergence from Chapter 11 bankruptcy proceedings was rejected Friday by a federal judge. The creditors, including Acta Casualty & Surety Co., said they would ask an appeals court to consider their request.

U.S. Judge Michael R. Mukasey upheld the ruling by a bankruptcy judge earlier this week that delaying LTV's emergence from seven years under bankruptcy protection would harm the steel company, its employees and its creditors. He also said the creditors who were seeking the stay would not suffer inordinate damage if LTV emerged from bankruptcy and that further appeals were not likely to meet with success.

Acta is seeking repayment for \$42 million in surety bonds it sold to LTV for its workers' compensation program, as well as compensation for tax refunds it lost in a separate transaction with the steel company. The other creditors seeking a stay are AM General and Frito-Lay.

Boeak Fund's Assets Distributed

NEW YORK (Bloomberg) — A fund set up by Ivan Boesky, the former Wall Street arbitrageur, distributed \$31 million Friday to investors who were victims of his insider-trading activities in 1985 and 1986.

The payments, approved by federal Judge Milton Pollack in Manhattan, will be made to 6,001 investors, according to David Berger, an attorney for public investors who sued Mr. Boesky.

Mr. Boesky pleaded guilty to insider trading in November 1986 and agreed to pay \$100 million, at the time the largest fine levied for securities-law violations. His subsequent testimony led to the investigation, indictment and convictions of Michael R. Milken and the firm Drexel Burnham Lambert.

For the Record

General Motors Corp. said Saturn Corp., its small-car division created to compete with Japanese imports, posted in May its first-ever profit, three years after it launched a new model. The company would not provide figures on the month's performance, but said the numbers also pointed to a profit for Saturn for the year as a whole.

Chrysler Corp. assigned Joseph E. Cappo, 59, to become vice president of technologies and rental-car operations after being vice president for international operations at Chrysler since 1990. He will be replaced in that post by Thomas C. Gale, 49, who continues as vice president for product design.

WORLD STOCK MARKETS

Large table listing world stock markets with columns for market name, class, and price changes.

Dior Keeps Its Shiny Outlook

PARIS — Christian Dior SA, the luxury-goods company, expects net profit and sales this year to at least match last year's levels, Chairman Bernard Arnault announced at a shareholders' meeting Friday.

The company reported net profit of 803 million francs (\$146 million) last year, down from 902 million francs the previous year. Sales last year dipped to 22.40 billion francs, from 22.70 billion a year earlier.

Mr. Arnault said sales from the fashion sector rose 5 percent in the first five months of 1993. Two other companies in the same group, LVMH-Moët Hennessy Louis Vuitton SA and An Bon Marché SA, have predicted that their profits should be steady this year.

U.S. FUTURES

Table listing U.S. futures markets including grains, metals, livestock, and food.

U.S. AT THE CLOSE

Table listing U.S. market data at the close, including stock indices, commodity indices, and various market metrics.

JAVICO USA



### Britain's Trade Gap A Bit Wider

LONDON — Britain had a large seasonally adjusted trade deficit of \$4.5 billion (\$6.83 billion) in the first quarter of 1993, data released Friday showed, but financial markets and the Treasury were relieved it was not even worse.

The figure was slightly higher than the shortfall of \$4.35 billion recorded in the final quarter of 1992, but the Central Statistical Office cautioned that the data were highly provisional.

The full data had been delayed because of a change in the way that information from European Community countries is collected after customs procedures were eliminated in the single European market at the beginning of this year.

Friday's data put the deficit on the EC account at \$1.1 billion, little different from the \$1.13 billion gap in the fourth quarter of 1992.

Foreign-exchange dealers had been bracing for anything up to \$2.2 billion, which would have been a signal to sell sterling, but the outcome left traders indifferent.

After the announcement, the pound edged up to 2.4925 Deutsche marks from 2.4810 late Thursday and to \$1.5285 from \$1.5175.

### Ferruzzi Hands Off to Banks

ROME — Ferruzzi Finanziaria SpA, Italy's second-largest private company, offered full executive powers to banks seeking to put together a rescue package for the heavily indebted concern, according to the text of letters published in the financial daily *Il Sole 24 Ore*.

The company, which is controlled by the Ferruzzi family, said the whole board stood ready to resign if requested to do so by the banks.

No immediate confirmation of the letters was available from Ferruzzi, which last week asked creditor banks to find a solution to the company's 15 billion lire (\$10.1 billion) net debt.

Ferruzzi Finanziaria stock, already under severe pressure, took another hit on Friday, closing 10 lire lower at 795, after 805 on Thursday.

Its financial situation had deteriorated to such an extent that the group was no longer able to resolve it alone. It conceded that from the beginning of June it had missed some debt payments. The group gave no details, however.

The present situation, which cannot be resolved by the internal resources of the group, demands the whole group be urgently restructured, including the injection of fresh capital, the letter said.

The Ferruzzi also offered to deposit as guarantees with the banks their shares in the family holding Serafino Ferruzzi, which controls Ferruzzi Finanziaria, by June 15.

Mediobanca SpA heads a group of banks comprising Istituto Bancario San Paolo di Torino, Credito Italiano, Banca Commerciale Italiana and Banca di Roma.

### English China Clays Is Buying Merck's Calgon Business

LONDON — English China Clays PLC signaled the direction of its restructuring strategy on Friday by announcing plans to buy the water-management business of Pittsburgh-based Calgon Corp. for \$307.5 million.

The acquisition of the Calgon business from Merck & Co. strengthens the British company's nascent chemicals business and clears the way for ECC to spin off its building-materials wing.

To help finance the acquisition, ECC plans to raise \$113.4 million (\$173.4 million) through a 1-for-8 rights offer at 550 pence a share.

English China Clays produces industrial-mineral pigments for coating high-quality printing papers and for the manufacture of ceramics, paints and polymers.

International's production processes and products," ECC said. Calgon produces specialty chemicals for use in water treatment, papermaking, cosmetics and for other industrial uses.

Calgon, which employs about 1,300 people in the United States, gains access to an international sales and distribution network by the sale. English China Clays extends its influence in the United States, especially in the paper industry.

Merck said in February it intended to sell Calgon to concentrate on its core health-care business.

The acquisition will have a "broadly neutral effect" on ECC's gains access to an international sales and distribution network by the sale. English China Clays extends its influence in the United States, especially in the paper industry.

### López's Car Plant Reportedly Takes Shape

MADRID — Volkswagen AG is negotiating with a consortium of Spanish companies to build an innovative car plant in Spain's Basque region, near the home town of its controversial executive José Ignacio López de Arriortúa, press reports said Friday.

According to the dailies *El País* and *Diario 16*, and the financial newspaper *Cinco Días*, Volkswagen is negotiating with the Spanish companies to build a \$325 million plant near the Basque town of Ansoaibena, 200 miles (325 kilometers) north of Madrid.

The idea of a super-efficient factory is the brainchild of Mr. López, who resigned as General Motors Corp. purchasing chief in March and has been accused of stealing GM company secrets.

Mr. López has scheduled news conferences Monday in Hanover and in Madrid, but has denied speculation that he will then announce construction of the plant.

After a decade, VW would buy the factory from the consortium, comprising Banco Central Hispanoamericano SA, Banco Bilbao Vizcaya SA, the electrical utility Iberdrola SA, Bilbao Bizkaia Kutxa, Mondragón Cooperativa Cooperativa and IBC-Candemac.

Unidentified sources told the papers that the Spanish companies would build and operate the factory.

### GERMANS: EC Opposes Accord

Confirmed from Page 1  
Motorola Corp. the chance to compete for German equipment contracts on an equal basis with German companies.

In return, German companies will be exempted from the U.S. sanctions; this means Siemens AG, the only European company to have cracked the U.S. telecommunications market in a significant way.

Although European companies in the past have won only about \$19 million worth of contracts of the type the United States is closing off under the sanctions, the total of such contracts is worth billions, the U.S. official said.

The agreement would have no effect on German sales to AT&T or the regional Bell operators, which Washington insists are private companies and not subject to government negotiations.

German officials denied any illegal dealings. They said Germany could never apply the EC directive against the United States because a 1954 treaty prohibits any trade discrimination between the two countries.

Indeed, they claimed that Article 29 contains a clause, inserted at

### GLOBE: New York Times Buys Boston Newspaper

Confirmed from Page 9  
approval by shareholders of both publicly traded companies.

The Taylor family of Boston has run *The Globe* since 1873. Two family trusts that control Affiliated expire in 1996, and it had long been expected that the company would sell before then to avoid the danger of a hostile takeover or a battle among the heirs.

Under the agreement, *The Globe's* management is to remain in place for at least five years. After that, Mr. Taylor, 60, said he had received a "moral commitment" from the Times that members of the Taylor family could have the chance to run the newspaper.

The *Globe*, which has prized its independence for more than a century, will also retain what the company's statement called "full editorial autonomy."

The *Globe*, with a weekday circulation of 504,869 and Sunday circulation of 811,409, is one of the 15 largest newspapers in the United States. It dwarfs its Boston competitor, *The Boston Herald*, which is owned by Rupert Murdoch's News America Publishing Co.

The New York Times is the largest metropolitan and Sunday newspaper in the United States, with daily circulation of 1,230,461 and Sunday circulation of 1,812,458.

In addition to *The New York Times*, the Times Co. with \$1.8 billion in annual revenues, owns 31 regional newspapers, 20 magazines, five television stations, two radio stations and other businesses. It also has a half-interest, with *The Washington Post Co.*, in the International Herald Tribune.

Mr. Sulzberger said that he believed analysts who predict the death of the newspaper business are wrong. He said that *The Boston Globe* could become an attractive part of the company's offerings to advertisers and that there could be joint advertising sales.

Mr. Sulzberger also dismissed concerns that have made a ripple at *The Globe* in recent days: that the newspaper might be vulnerable to cost cutting or other interference from New York.

### MIG: In From the Cold

Continued from Page 9  
tions soon with two other Russian aerospace companies, but on the civilian side. In one, Snecma would help Permyakova Motors upgrade its PS 90 engine so it could be certified by Western aviation authorities and ultimately be marketed on Western markets.

The engine, rated at around 40,000 pounds of thrust, does not compete with any models currently marketed by CFM International, the civilian-engine joint venture between Snecma and General Electric Co. However, the engine would compete directly with models produced by Pratt & Whitney and Rolls-Royce, at about one-tenth the price, industry sources say.

The other negotiations involve equipping Aeroflot's Ilyushin 86 with the CFM-56 engine, the same one used on the Airbus A-340. The CFM engine would allow the 310-passenger airliner to make the Moscow-New York flight nonstop. Its present Russian engines are so inefficient that Aeroflot must make two refueling stops to complete that route.

### Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40		
1800	3000	2100		
1700	2800	2000		
1600	2600	1900		
1500	2400	1800		
1400	2200	1700		
1300	2000	1600		
1200	1800	1500		
1100	1600	1400		
1000	1400	1300		
900	1200	1200		
800	1000	1100		
700	800	1000		
600	600	900		
500	400	800		
400	200	700		
300	100	600		
200	0	500		
100	0	400		
0	0	300		
1992	1992	1992		
J F M A M J	J F M A M J	J F M A M J		
Exchange	Index	Friday Close	Prev. Close	% Change
Amsterdam	CBS Trend	107.10	107.30	-0.19
Brussels	Stock Index	6,161.29	6,160.15	+0.18
Frankfurt	DAX	1,880.88	1,873.07	+0.47
Frankfurt	FAZ	655.83	654.39	+0.19
Helsinki	HEX	1,116.15	1,122.72	-0.59
London	Financial Times 30	2,244.06	2,238.70	+0.24
London	FTSE 100	2,861.80	2,860.00	+0.06
Madrid	General Index	257.30	257.10	+0.04
Milan	MIIB	1,179.00	1,180.00	-0.08
Paris	CAC 40	1,920.43	1,911.22	+0.48
Stockholm	Affarsveeriden	1,278.96	1,282.46	-1.20
Vienna	Stock Index	373.30	370.95	+0.63
Zurich	SBS	786.90	786.20	-0.29

### Very briefly:

- Scandinavian Airlines System said it had given its formal approval for alliance talks to go ahead with KLM Royal Dutch Airlines, Swissair and Austrian Airlines. Swissair said it would delay until September the signing of a memorandum of understanding on the alliance.
- The Bank of Italy said it would cut its discount rate to 10 percent from 10.5 percent, effective Monday. It had last been cut, also by half a point, on May 21.
- Pechiney SA, the state-owned aluminum company, denied reports that it was discussing a link-up of capital with Compagnie de St. Gobain SA, the privatized glassmaker.
- France's consumer prices rose by 0.2 percent in May, leaving the year-on-year inflation rate at 2 percent, down from 2.1 percent in April.
- West Germany's retail sales fell by 2 percent in April from a year ago and were 1.4 percent lower than in March.
- Italy's sales of small commercial vehicles plunged 31.9 percent in May from a year earlier.
- Continental AG, the German tire manufacturer, said it had opened a wheel and tire assembly plant in Eastern Germany to supply a plant operated in the same area by Mercedes-Benz AG.

### Nestlé Clears Deal for Perrier

BRUSSELS — The EC Commission approved Friday a Nestlé SA takeover of Source Perrier following agreement by Nestlé to sell its Vichy, Thonon, St. Yorre and Pierrel brands to the Castel Group.

The commission said Castel fulfilled all conditions laid down when it initially gave Nestlé partial clearance to buy Perrier.

The statement said Castel had sufficient financial resources to develop a national distribution network and adequate experience in the drinks sector.

The commission had said Nestlé would have to sell at least 3 billion liters (793 million gallons) of water capacity to one independent purchaser capable of competing with Nestlé and BSN on the French market.

The commission routinely investigates all takeovers involving companies over a certain size.

Nestlé acquired control of Perrier last May.

### NASDAQ

Friday's Prices  
NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar volume. It is updated twice a year.

Symbol	High	Low	Stock	Div	Yield	PE	52-Week High	52-Week Low	Change
AA	10.25	10.10	Amgen	0.00	0.00	15.00	10.25	10.10	+0.15
ABB	10.10	10.00	Abbott	0.00	0.00	15.00	10.10	10.00	+0.10
ABC	10.00	9.90	ABC	0.00	0.00	15.00	10.00	9.90	+0.10
ABT	9.90	9.80	Abbott	0.00	0.00	15.00	9.90	9.80	+0.10
ABX	9.80	9.70	ABC	0.00	0.00	15.00	9.80	9.70	+0.10
ABY	9.70	9.60	ABC	0.00	0.00	15.00	9.70	9.60	+0.10
ABZ	9.60	9.50	ABC	0.00	0.00	15.00	9.60	9.50	+0.10
ACA	9.50	9.40	ABC	0.00	0.00	15.00	9.50	9.40	+0.10
ACB	9.40	9.30	ABC	0.00	0.00	15.00	9.40	9.30	+0.10
ACC	9.30	9.20	ABC	0.00	0.00	15.00	9.30	9.20	+0.10
ACD	9.20	9.10	ABC	0.00	0.00	15.00	9.20	9.10	+0.10
ACE	9.10	9.00	ABC	0.00	0.00	15.00	9.10	9.00	+0.10
ACF	9.00	8.90	ABC	0.00	0.00	15.00	9.00	8.90	+0.10
ACG	8.90	8.80	ABC	0.00	0.00	15.00	8.90	8.80	+0.10
ACH	8.80	8.70	ABC	0.00	0.00	15.00	8.80	8.70	+0.10
ACI	8.70	8.60	ABC	0.00	0.00	15.00	8.70	8.60	+0.10
ACJ	8.60	8.50	ABC	0.00	0.00	15.00	8.60	8.50	+0.10
ACK	8.50	8.40	ABC	0.00	0.00	15.00	8.50	8.40	+0.10
ACL	8.40	8.30	ABC	0.00	0.00	15.00	8.40	8.30	+0.10
ACM	8.30	8.20	ABC	0.00	0.00	15.00	8.30	8.20	+0.10
ACN	8.20	8.10	ABC	0.00	0.00	15.00	8.20	8.10	+0.10
ACO	8.10	8.00	ABC	0.00	0.00	15.00	8.10	8.00	+0.10
ACP	8.00	7.90	ABC	0.00	0.00	15.00	8.00	7.90	+0.10
ACQ	7.90	7.80	ABC	0.00	0.00	15.00	7.90	7.80	+0.10
ACR	7.80	7.70	ABC	0.00	0.00	15.00	7.80	7.70	+0.10
ACS	7.70	7.60	ABC	0.00	0.00	15.00	7.70	7.60	+0.10
ACT	7.60	7.50	ABC	0.00	0.00	15.00	7.60	7.50	+0.10
ACU	7.50	7.40	ABC	0.00	0.00	15.00	7.50	7.40	+0.10
ACV	7.40	7.30	ABC	0.00	0.00	15.00	7.40	7.30	+0.10
ACW	7.30	7.20	ABC	0.00	0.00	15.00	7.30	7.20	+0.10
ACX	7.20	7.10	ABC	0.00	0.00	15.00	7.20	7.10	+0.10
ACY	7.10	7.00	ABC	0.00	0.00	15.00	7.10	7.00	+0.10
ACZ	7.00	6.90	ABC	0.00	0.00	15.00	7.00	6.90	+0.10
ADA	6.90	6.80	ABC	0.00	0.00	15.00	6.90	6.80	+0.10
ADB	6.80	6.70	ABC	0.00	0.00	15.00	6.80	6.70	+0.10
ADC	6.70	6.60	ABC	0.00	0.00	15.00	6.70	6.60	+0.10
ADD	6.60	6.50	ABC	0.00	0.00	15.00	6.60	6.50	+0.10
ADE	6.50	6.40	ABC	0.00	0.00	15.00	6.50	6.40	+0.10
ADF	6.40	6.30	ABC	0.00	0.00	15.00	6.40	6.30	+0.10
ADG	6.30	6.20	ABC	0.00	0.00	15.00	6.30	6.20	+0.10
ADH	6.20	6.10	ABC	0.00	0.00	15.00	6.20	6.10	+0.10
ADI	6.10	6.00	ABC	0.00	0.00	15.00	6.10	6.00	+0.10
ADJ	6.00	5.90	ABC	0.00	0.00	15.00	6.00	5.90	+0.10
ADK	5.90	5.80	ABC	0.00	0.00	15.00	5.90	5.80	+0.10
ADL	5.80	5.70	ABC	0.00	0.00	15.00	5.80	5.70	+0.10
ADM	5.70	5.60	ABC	0.00	0.00	15.00	5.70	5.60	+0.10
ADN	5.60	5.50	ABC	0.00	0.00	15.00	5.60	5.50	+0.10
ADO	5.50	5.40	ABC	0.00	0.00	15.00	5.50	5.40	+0.10
ADP	5.40	5.30	ABC	0.00	0.00	15.00	5.40	5.30	+0.10
ADQ	5.30	5.20	ABC	0.00	0.00	15.00	5.30	5.20	+0.10
ADR	5.20	5.10	ABC	0.00	0.00	15.00	5.20	5.10	+0.10
ADS	5.10	5.00	ABC	0.00	0.00	15.00	5.10	5.00	+0.10
ADT	5.00	4.90	ABC	0.00	0.00	15.00	5.00	4.90	+0.10
ADU	4.90	4.80	ABC	0.00	0.00	15.00	4.90	4.80	+0.10
ADV	4.80	4.70	ABC	0.00	0.00	15.00	4.80	4.70	+0.10
ADW	4								







### Talks Stall On Pacific Air Dispute

Bloomberg Business News

CANBERRA — Talks between Trade Minister Peter Cook and the U.S. Transportation Secretary, Federico F. Peña, in Washington failed Friday to resolve a dispute over aviation routes across the Pacific.

Mr. Cook's office said that the two-hour meeting had not made any progress in averting a threatened curtailment of air services by Qantas Airways, the Australian flag-carrier, and Northwest Airlines of the United States.

Australia has ordered Northwest Airlines to drop one of its three weekly New York-Osaka-Sydney routes as punishment for violating an agreement that no more than 50 percent of passengers on the route would embark in Japan.

It said Northwest may continue to operate the other two flights only if it decides by the passenger pickup line in Japan. The order is due to take effect June 30.

The United States retaliated by ordering Qantas to drop three of its 10 weekly Sydney-Los Angeles nonstop flights. Qantas responded by saying it would transfer those three flights to San Francisco, which involve refueling stops in the Pacific. The Transportation Department rejected this, however.

## Japan Gloom Hangs On But Report Detects Rays of Optimism

Compiled by Our Staff From Dispatches

TOKYO — Japanese business confidence remained shattered at an 18-year low in May, defying the hopes of large manufacturers for a modest recovery, the Bank of Japan said in a quarterly report released Friday.

The central bank said its Short-Term Survey of Economic Enterprises, known as the Tankan, also showed that the business outlook among major manufacturers had deteriorated more sharply than had been expected since February.

But the report said that in coming months "business conditions affecting both sectors are expected to improve." It added that confidence among big manufacturers had stopped deteriorating for the first time in four years.

The business outlook for small companies in both manufacturing and services also improved for the first time in three years, the bank said.

The survey found that the "diffusion index" for big manufacturers was unchanged at minus 49 for the second straight quarter. The index, which measures the number of companies with a negative outlook against those with favorable projections, had been forecast to improve to minus 31.

Putting an upbeat spin on the data, the bank noted that it was the first time since 1989 that the index had not dropped from one quarter to the next.

Some private economists agreed that the news from big manufacturers was positive.

"From this, you can say that the economy is going to hit bottom sometime in the June-to-September quarter," said Aaron Marini Cohen, senior economist at Daiwa Securities in Tokyo.

Still, the Tankan was not optimistic enough to suggest a rebound in corporate profits. The Nikkei 225 average closed little changed at 20,500.95.

Improved confidence in basic-materials industries, notably the oil, chemical, ceramic and textile sectors, was offset by increased pessimism among processing industries, especially metal processors and electrical-machinery makers.

The earnings outlook for big companies in both the manufacturing and service sectors, meanwhile, was revised downward by about 10 percent to reflect the lower profitability of exports arising from the stronger yen.

"Compared to the previous year, the current profits of the manufacturing sector will likely remain generally flat, while those of the nonmanufacturing sector are foreseen to decrease," the report said.

The bank added that profits generally were expected to fall in the first half of the year to March, before turning around in the second.

Sales estimates for this year also were revised downward from the previous survey in both sectors. They now are expected to be virtually flat, with slight growth in the first half followed by stronger growth in the second.

Robert Feldman, chief economist at Salomon Brothers, said, "The only conclusion you can draw is Japan's economy still has its weaknesses."

The report showed, however, that two government spending packages over the past year may now be supporting the economy, Mr. Feldman added.

The report noted that market supply and demand conditions had improved. There was a belief that excessive inventories were diminishing at both the production and wholesale level. (AFP, Bloomberg)

## Deng Gives Warning Over Uncontrolled Economic Growth

Reuters

BEIJING — Deng Xiaoping, who triggered a boom that has led to the world's fastest economic growth rate, has warned against letting China's economy spin out of control, a pro-Beijing newspaper said Friday.

The Communist Party's central committee will meet at the end of June or beginning of July to tackle the problems caused by the economy charging ahead at rates that surpassed 14 percent in the first quarter this year, the Hong Kong-based Wen Wei Po said.

The chief problem is inflation, which by official figures is more than 17 percent in key cities.

The newspaper, which is often used by China to release sensitive information, quoted Mr. Deng as repeatedly warning that "emphasizing speed does not mean encouraging unreasonable speed."

"Huge ups and downs are not beneficial to maintaining the steady development of the economy," he said.

Previous warnings by economists and officials that China had to take action to stop the economy from overheating have been muted because no one dared to go against

Mr. Deng's order, issued in February 1992, for fast growth.

If he has now agreed to the need to slow the economy slightly, the government may be able to take more effective action against the runaway pace of investment.

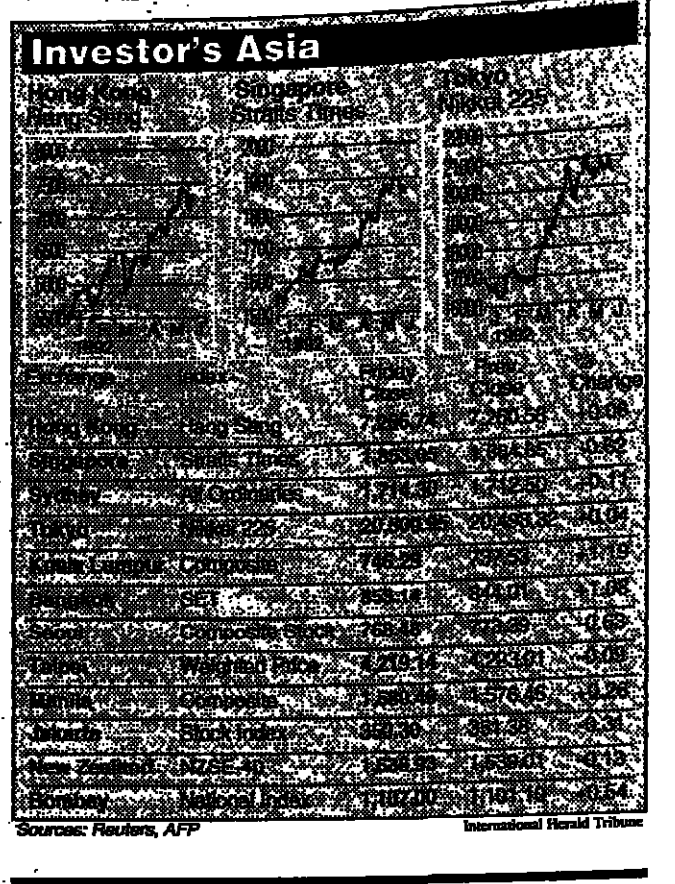
Whether the central government and Communist Party officials will be able to wrestle control of the economy back from the coastal and southern provinces that are profiting most from the boom is an open question, analysts said.

An official report this week said China's industrial production grew a sizable 27.3 percent in May. Output soared by between 32 and 49 percent in six coastal provinces.

Yuan Stabilizes

The yuan pulled out of its nose-dive on the Beijing National Foreign-Exchange Swap Center on Friday in a sign the currency has recovered from its flotation last week, a market official said, according to Bloomberg Business News.

Since price ceilings were lifted at swap centers on June 1, the yuan has plunged 34 percent in Beijing's swap center against the dollar. On Friday it traded at an average rate of 10.714 to the dollar, strengthening slightly from 10.755 on Thursday.



Very briefly:

- The EC Commission is reviewing, under Community merger regulations, plans by Hoechst Corp., Mitsui & Co., Sumitomo Corp. and Nissei Fwd Corp. to set up a joint venture in satellite communications.
- Japan National Railways Settlement Corp. is considering having East Japan Railway Co. make a formal application to list its shares on July 5 and list the shares around Oct. 20 on the Tokyo Stock Exchange.
- Japan's National Land Agency said that despite declines in the past two years, the cost of a home remained about 6.4 times the average annual income of workers in the main metropolitan areas.
- Chase Manhattan Bank is expected to raise about 600 million Hong Kong dollars (\$76.9 million) through an initial public offer of 26 percent of the shares in Manhattan Card Co., its Hong Kong credit card business.
- Taiwan's Finance Ministry is drafting a proposal to allow Taiwan insurance companies to accept reinsurance business from China through offices in third countries such as Hong Kong.

Reuters, Bloomberg, AFP

## Hong Kong Scrutinizes Backdoor Deals

Reuters

HONG KONG — Regulators here for the first time will use tough stock exchange rules to scrutinize the latest Chinese state enterprise to come into town under a so-called backdoor-listing deal.

A Hong Kong real estate company, Tomson Pacific, said Friday it would sell its 35 percent stake in World Trade Centre Group to Cerroll, China's major food-processor and trader.

Cerroll's 1.2 billion Hong Kong dollar (\$154 million) bid is a classic backdoor-listing deal, whereby Chinese enterprises buy a small Hong Kong company already quoted on the local stock market and inject mainland assets into the shell.

World Trade Centre holds little but money. In February it sold its only significant asset, a Hong Kong office block, for 2.2 billion dollars. Under the arrangement, Cerroll would inject into World Trade Centre around 1 billion dollars worth of Chinese property and development projects.

Chinese companies have been slipping onto the Hong Kong market in this way since the mid 1980s, but in recent months the trickle has become a flood.

Hong Kong investors have been speculating wildly in recent months, buying shares in minor companies in the hope they would be purchased by enterprises from the mainland. World Trade

Centre shares jumped 16 percent after the announcement.

Last month the Securities and Futures Commission expressed concern that such deals might involve secret inducements and said they should get the same careful investigation given new listings.

World Trade Centre would become the first company involved in a backdoor deal to undergo such an investigation.

Among enterprises that have taken backdoor listings are China International Trust & Investment Corp., whose local subsidiary CITIC Pacific became Hong Kong's first Beijing-controlled blue chip last year.

## Sega Slates Game Centers For Europe and America

Reuters

TOKYO — Sega Enterprises Ltd., the video-game maker, announced Friday that it planned to open more than 10 high-tech game centers in Europe and the United States before the end of the year.

"Segaland" game centers, where one can drive virtual reality racing cars and grapple with flashy video games, are already a part of the Japanese

scene. But this type of arcade has yet to catch on elsewhere.

Sega will set up a 2,000 square meter (21,000 square foot) center in the southern English city of Bournemouth in July, and an 800 square meter center in a London shopping mall that Yaohan Hongkong Corp. plans to open in August.

A Las Vegas arcade will follow in October.

### Singapore Oil Weighs an Issue

Bloomberg Business News

SINGAPORE — Singapore Petroleum Co., seeking to raise about 100 million Singapore dollars (\$62 million) for expansion, is considering selling up to 32 million shares to investors, its chief executive said Friday.

The executive, Cheng Hong Kok, said the move was timed to exploit opportunities in China, Vietnam and Thailand.

Singapore Petroleum's shares are divided 51 percent to local investors and 49 percent to foreigners. The controlling shareholders include Development Bank of Singapore Ltd.

## POLICY: Clinton's New Trade Stance With Japan Borrows Heavily From the Bush Book

Continued from Page 9

ports but by cutting its exports to the United States.

"Japanese multinationals have factories throughout Southeast Asia, so if there was a need for them to reduce the surplus, they could always shift production," said Eric I. Garfinkel, who was Mr. Bush's assistant secretary of commerce for import administration. The result of such a shift in production would be larger U.S. trade deficits with such countries as Thailand and Malaysia, he added.

The Clinton administration's response to that problem is a second target: increasing Japan's imports of manufactured goods by one-third within the next several years. Japan imports a smaller percentage of its manufactured goods than any other industrialized country.

The new strategy also takes clear precedence over national security concerns, unlike the Bush administration approach, and it is backed up by the prospect of sanctions later. It enjoys support from both ends of the business spectrum and includes lavish financial backing for export-oriented high-techology companies.

All told, it combines U.S. complaints about the way the Japanese economy is organized with complaints about specific industries' trade barriers, instead of handling them separately. And it coincides with an enormous expansion in the Japanese trade surplus that has increased world pressure on Japan.

In Mr. Clinton's first presidential address on trade, he outlined a vision of a world in which free trade was kept alive by aggressive action to dismantle unfair barriers, and

promised a trade policy that would confront foreign-trade barriers without restricting the entry of foreign goods into the United States. He posed the idea as one that fell between what he called "voices from the extremes."

"One says government should build walls to protect firms from competition," he said. "Another says government should do nothing in the face of foreign competition, no matter what the dimension and shape of that competition is, no matter what the consequences are in terms of job losses, trade dislocations or crushed incomes."

As Mr. Clinton promised them, the new U.S. strategy is a combination of unilateral, bilateral, regional and global initiatives. The White House plan also is combined with domestic policies aimed at strengthening the same industries that would benefit from more open international markets.

"This is consistent with what our membership has been calling for," said Willard Workman, the U.S. Chamber of Commerce's vice president for international affairs.

Mr. Workman, a former Reagan administration trade negotiator, said that the Clinton administration might be wise not to threaten Japan publicly with trade sanctions, leaving it to journalists and other trade-policy observers to point out that domestic U.S. law allows considerable freedom for the administration to limit imports from Japan if it becomes dissatisfied with the pace of negotiations.

According to the International Monetary Fund, Japan's current-account surplus widened to \$117.6 billion and 3.2 percent of economic output last year, from \$35.8 billion and 1.2 percent of economic output in 1991.

**AMEX**  
Friday's Closing  
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High	Low	Stock	Div	Yld	PE	52 High	52 Low	Change
114.00	112.00	AA	0.00	0.00	0.00	114.00	112.00	+2.00
114.00	112.00	AA	0.00	0.00	0.00	114.00	112.00	+2.00
114.00	112.00	AA	0.00	0.00	0.00	114.00	112.00	+2.00
114.00	112.00	AA	0.00	0.00	0.00	114.00	112.00	+2.00
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JAVICO LTD







MOJO

FIRST COLUMN

Redefining Notions of Regulation

THE international investment management group Invesco MIB has had its wrists well and truly slapped by Imro, a second-rank U.K. watchdog.

The situation is unsatisfactory for two reasons—the failure of regulation, and the way the punishment does not fit the crime.

It is difficult to argue that the regulation of Invesco was scrupulous. The management-firm watchdog, which reports to the top U.K. regulator, SIB, can hardly be proud of having to impose a fine on one of its flock.

Although the British are aware that things are far from perfect, a recent government-commissioned report failed to recommend the radical reform needed to ensure that regulation of the markets is conducted by sharp minds and inquisitive eyes from without, rather than an over-zealous myopia from within.

As for the adequacy of the punishment, the fine of just £750,000 (\$1.12 million) seems like a slap on the wrist and no more.

But legal suits take a notoriously long time to settle, and the pensioners of the defuncted pension fund will, above all else, be bemoaning the lack of an adequate compensation scheme within the U.K. system of financial regulation.

Shares Hold Steady As Momentum Slows

By Conrad de Aenlle

TO see slowing momentum in action, or inaction, look at stock charts of money-center banks in the United States and Britain over the last year and a half.

True to the perverse nature of stock trading, the fizzle came just as the banks' business climate turned its fairest in years.

Beyond that, he said, low rates are "good for companies like J.P. Morgan and Bankers Trust, whose business today is trading swaps and risk management. It requires them to keep large holdings of Treasury securities and other interest-rate-sensitive assets," which have appreciated, giving them capital gains.

Another plus for banks is that a series of mega-mergers has whittled the field down, so there are fewer of them around to enjoy the good times.

Many who follow banks like their business prospects, but they are avoiding the shares, especially those of the money-center institutions and other big lenders, because they feel their prices have already risen as high as they ought to.

That aversion could explain the latest declines. Chemical Banking, BankAmerica, Wells Fargo and the so-called super-regional Nationsbank have all fallen more than 10 percent from their peaks registered in the last two or three months.

But there was certainly no slumping the year or so before that. From the low late in 1991 until last April, the Standard & Poor's financial index rose 57 percent.

After touching \$8.625, it climbed as

high as \$30 last April and, unlike the others, has stayed close to that level since.

What bothers Mr. Murray about the rally is the lack of discrimination among investors.

"They've had a tremendous run over six to nine months," he said. "The rising tide has lifted some really boats along with the more seaworthy ones. Now you have Citicorp and Wells Fargo selling at the same [price-to-earnings] multiples as Bankers Trust and J.P. Morgan. If there is any bad news out there in the world such as in the fall of 1990, the whole financial services sector could be hit pretty hard."

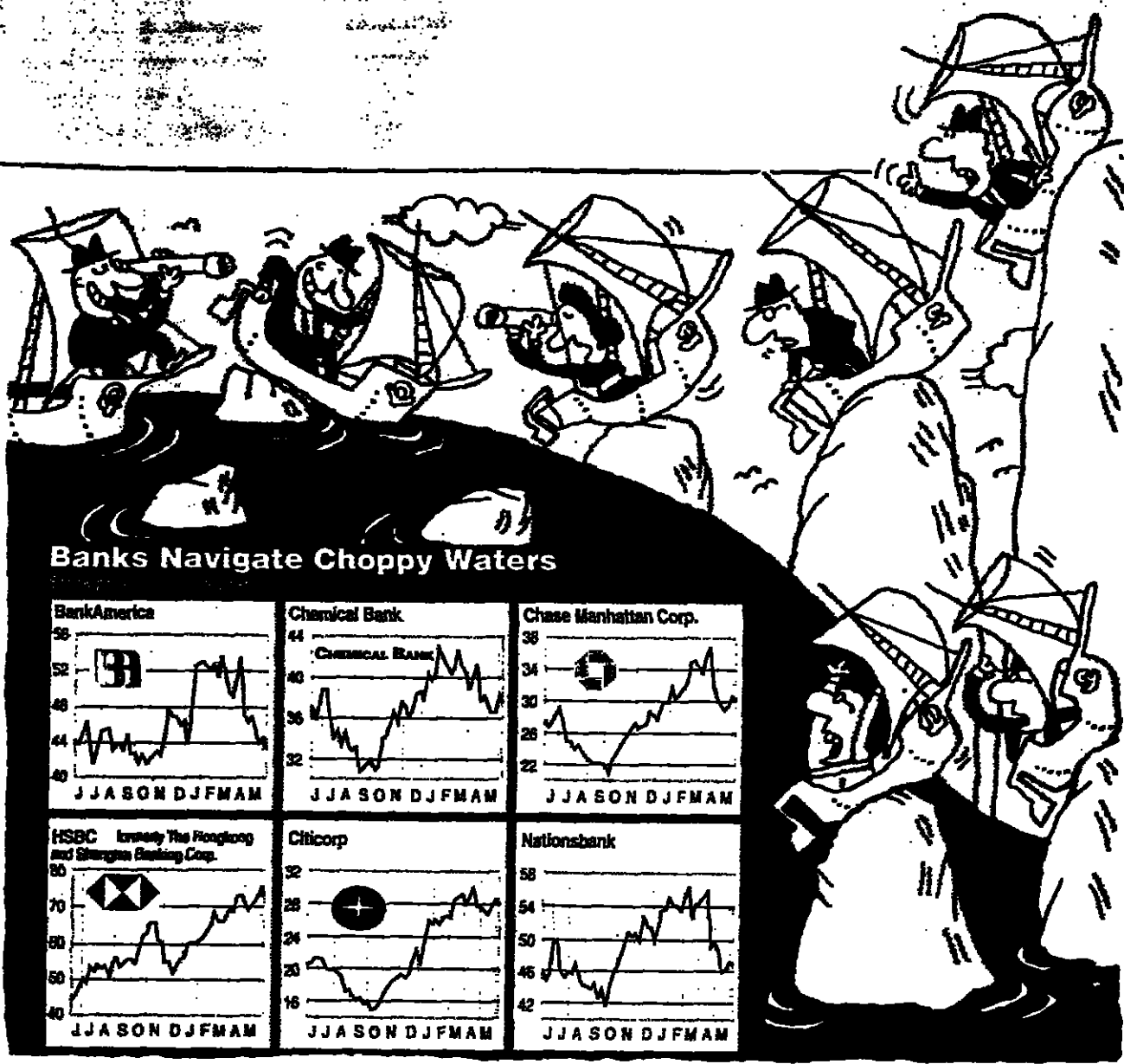
Mr. Murray recommends buying Bankers Trust should its price dip below \$70, just under where it has been trading recently, and he especially likes Morgan.

Jim Schmidt, who manages the John Hancock Freedom Regional Bank Fund, has a higher opinion of the group. He estimates that bank stocks are trading at 10 times this year's earnings, on average, while the U.S. market as a whole has a price-to-earnings ratio of 17. Usually, he says, banks trade at about three-fourths of the market multiple, so by that measure they are a bit undervalued.

While he thinks the sector will recover from its recent setback, he prefers to buy the smaller banks and leave the big ones alone.

He also fond of Seacoast, a small lender 100 miles north of Miami, which he says is the fastest-growing part of Florida, which is a fast-growing state.

On the other hand, he said, "I'm avoiding California and New England and stocks such as Wells Fargo. It trades at a rich price to my way of thinking." He noted that 5.2 percent of its loans—an abysmal rate—



Banks Navigate Choppy Waters

non-performing and said that "it could take a long time to work out their loan problems."

He also advised steering clear of "richly priced big caps," such as Norwest, Fifth Third Bancorp and Wachovia. Of the last, he said, "Every analyst likes that stock, but I think the good news is out... I just think you could do better elsewhere."

Maybe in Britain, where banks have also had an exceptional run. Hongkong and Shanghai Banking Corp., for instance has had its shares nearly triple in the last one year-plus, even as it has absorbed Midland Bank, with which it merged and which makes up about 40 percent of the company.

"U.K. bank stocks have been the best-performing bank sector, compared with other markets, over the last 18 months," observes Chris Ellerton, who follows them for S.G. Warburg. His reasons sound familiar: "The yield curve has turned up, interest rates have come down, and that has had a geared effect on asset quality."

mand has gone negative. U.K. banks have been extremely effective in their pricing strategies. That's a polite way of saying they charge more for their services. At the same time, he said, they have been able to cut costs, mainly through layoffs, which have amounted to roughly 20 percent of staffing and could continue.

"U.K. banks which paid zero attention to cost basis in the '80s, have been downsizing staff with uncharacteristic aggression," Mr. Ellerton said.

But in Britain, as in the United States, the banks' best days, or at least the best days for their shareholders, may be behind them.

"They've had a good run since last September, but [recently] it has not been too exciting, and I don't expect them to outperform near term," said Matthew Czerniewicz, an analyst at Credit Suisse First Boston. One reason is that the market already expects good news on rates and profits.

Mr. Czerniewicz, too, likes the banks more than the shares, with the exception of HSBC, which is "one of the few banks in the sector we continue to recommend for purchase."

"It's a question of valuation," he explained. "It's not that I don't like the others, it's just that their prices are not as attractive."

Mr. Ellerton's only buy rating is on Standard Chartered, which also does big business in Asia. The other stocks in the sector, he said, "have moved substantially. If you've jumped onto this particular train, you're not sure how many stops you've got left."

BRIEF CASE

Mercury Asset Introduces Offshore Clones of Trusts

Mercury Asset Management has introduced offshore clones of two of its U.K.-registered unit trusts.

The Mercury International Gold & General Fund, whose launch coincides with the sudden springing to life of gold and gold shares, will initially invest in shares of its onshore counterpart, which bears the same name, minus the "International."

Being an offshore fund, registered in Jersey, it can also invest in physical gold. The fund is denominated in U.S. dollars, and the minimum initial investment is \$5,000. There is a 5-percent front-end sales charge and a 1.5 percent annual management fee.

Investors who want to own the Mercury International Portfolio have to ante up more at the start. The initial minimum is £10,000, or just over \$15,000. The up-front charge and management fee are the same, plus there is a half-percentage point rebate to intermediaries.

The fund, domiciled in the Isle of Man, is intended to mirror the Mercury Portfolio. It will invest in a hedgepodge of instruments, including British and other equities, bonds and cash surrogates. Mercury says one of the fund's strong points is the added personal attention shareholders will receive. An example it cites is a reporting service that provides quarterly personal valuations, although it does not seem as though this would be sufficient to satisfy many investors' definitions of personal service.

Jardine Fleming has a new fund out, as well, a unit trust called the J.F. Pacific Small-Cap Companies Trust. It will invest in small and medium-sized companies in Asia and Australia, with the biggest allocations for now being Hong Kong, Malaysia and Japan.

The fund intends also to take advantage of development opportunities in China and Vietnam, a statement said. No information was available about initial investments or charges.

LIFFE Delists U.S. Bonds As Trading Slows to Trickle

Derivatives come, derivatives go. Some that just went are U.S. Treasury bond futures and options traded on the London International Financial Futures and Options Exchange. After trading for several years,

volume had slowed to a trickle, with just two contracts traded in April, LIFFE said.

A statement announcing the delisting last week cited "a general decrease in trading interest in dollar-denominated securities in the European time zone over the last five years, in favor of European cash and derivative bond markets."

On the American Stock Exchange, meanwhile, trading has begun on a new animal called Stock Index Return Securities. What these do is allow holders to gain from any increase in the Standard & Poor's MidCap 400 Index while preserving their capital.

Should the index rise before the securities expire on June 2, 2000, holders will receive \$10 apiece, which was the initial value, plus 115 percent of the appreciation. So if the index doubles over the seven years, the closing value will be \$21.50.

If the index falls or stays the same, investors will get back their \$10, making these somewhat like other so-called guaranteed derivative and fund products that have been in vogue. While offering the guarantee may be a good marketing move, buyers should realize that the \$10 they get in 2000 may buy a lot less than \$10 does now.

Japanese Investors Turn To Foreign Bond Purchases

One noted aspect of U.S. investing patterns, an increasing tendency to buy securities outside the United States, is being followed, at least in part, by Japanese investors, who bought a net \$6.83 billion in non-Japanese bonds in April, according to figures released this week by Japan's Finance Ministry. Shares, however, were not so popular. Japanese investors were net sellers of non-Japanese stocks by some \$493 million.

International investors, however, bought a net \$1.87 billion in Japanese bonds and \$1.38 billion in stocks during April, according to ministry figures.

Reduced VAT for Tourists May Boost Swedish Tourism

The Swedish government's recent decision to lower the VAT paid by visiting tourists from 21 percent to 12 percent, along with the Swedish krona's floating exchange rate, has made the Scandinavian country an attractive destination for a summer vacation, says the Swedish Travel and Tourism Council.

Swedish airlines, railroads, and hotels are

already stepping up publicity campaigns aimed at attracting new tourists, for whom the lowered sales tax could be the final factor in a decision to visit Sweden as opposed to going elsewhere, says the council.

Under the new VAT rate, the price of a train ticket between Stockholm and Gothenburg, for example, has been lowered to about \$35 (\$52.50) from around \$40 last summer.

The Council says that hotels, vacation cottages and campsites have already reported an appreciable rise in bookings from last year at this time. The new VAT rate will come into effect on July 1. For further information, contact the Swedish Travel and Tourism Council on (46-8) 725.5500.

Schwab Offers Equity Fund Based on Proprietary Index

Discount brokerage Charles Schwab & Co. is launching an international equity index fund, the Schwab Capital Trust. The fund will be based on Schwab's new proprietary index of 350 non-U.S. companies, selected according to the largest market capitalizations (the number of shares outstanding multiplied by their price). Typical holdings will include names like Nippon Telegraph & Telephone, Royal Dutch Petroleum and Glaxo.

Schwab put the index together with the assistance of investment bankers Morgan Stanley, whose EAFE index is the most widely used international benchmark. Although the Capital Trust index will duplicate 250 to 300 companies in the EAFE index, Tom Seip, executive vice president for mutual funds at Schwab, noted it differs from Morgan Stanley's because it chooses its companies by size, not by industry allocation.

"We won't arbitrarily exclude big companies in Canada or developed countries in Latin America," he said, adding, "We think it's likely to outperform the EAFE index by about 2 percent."

As an index vehicle, the no-load fund will simply buy and hold the 350 companies, selling only if poor performance lowers their market capitalizations. The Capital Trust will be available to investors in July. Mr. Seip said that U.S. expatriates with a tax identification number will be able to buy the fund through Schwab's new office at 55, South Audley Street, London. Tel: (71) 495.7444

PRIVATE BANKING Let your INVESTMENT work hard with J.B. Euro-Invest. Includes a form to request information about the J.B. Euro-Invest fund, with fields for Name, Street, Postal Code, City, and Country. Contact information for JYSKE BANK is provided.

INTRODUCING CROSS TOWNSEND. INSPIRED BY AN ERA OF LEGENDARY STYLE. Advertisement for Cross Townsend pens, featuring a large image of a fountain pen and the Cross logo.



THE MONEY REPORT

Bermuda Lifts Profile as Niche

By Philip Crawford

LONG acknowledged as the capital of the offshore insurance industry, the island of Bermuda is heightening its profile as both a private banking center and a domicile for international funds and corporations.

Deposits in Bermuda's three operating banks are growing again, following a slight falloff in 1991, and the assets under management in their families of in-house mutual funds are also on the rise. Moreover, as the number of international funds domiciled in Bermuda increases, so does demand for the custody services that Bermudian banks provide.

The island has even become the location of choice for Hong Kong companies that are re-domiciling in order to circumvent tax and regulatory problems, which some fear will arise when Chinese rule returns to Hong Kong in 1997.

Although Bermuda has much in

common with other offshore centers such as the Channel Islands and Grand Cayman—all are politically connected to the United Kingdom, for instance—its character as a financial hub appears vastly different. Indeed, a current look at the island reveals a burgeoning offshore power bent on retaining, and marketing, its own special niche within the global investment community.

"We are not a Jersey, a Guernsey, a Luxembourg, or a Cayman," said Malcolm Williams, general manager of the Bermuda Monetary Authority, the island's regulatory agency for the finance industry. There's really no place like Bermuda.

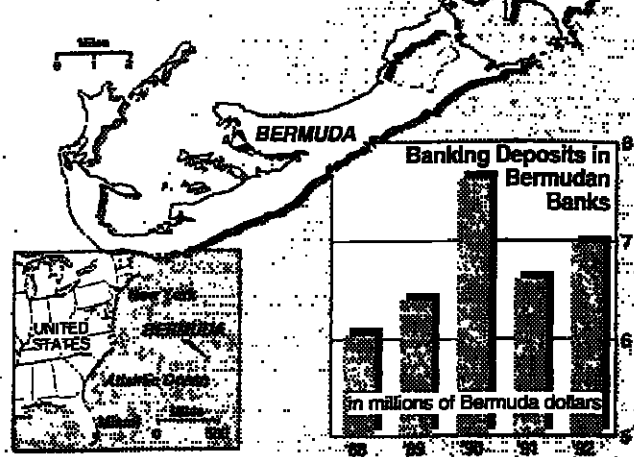
But Bermudian banks still seem most interested in attracting international investors to their own funds and private banking operations.

Situated in the Atlantic Ocean some 570 miles west of North Carolina, Bermuda is Britain's oldest self-governing colony. It is not part of the Bahamas Islands, nor is it in the Caribbean Sea, facts that island officials say they must constantly remind Europeans of. The Bermuda dollar is at parity with the U.S. dollar, and the island's time zone is one hour ahead of New York's.

To be sure, Bermuda has all the tax and regulatory advantages common to offshore centers: no taxes levied on foreign investors and strict confidentiality laws, to name the most prominent. Bermuda doesn't even tax the income of its own 60,000 residents, the bulk of government revenue coming from customs duties, hotel occupancy taxes and other sources related to the island's huge tourist industry.

But unlike St. Helier and St. Peter Port, the business centers of Jersey and Guernsey, the streets of Hamilton are not dotted with steel nomenclature identifying branches of scores of global banks. The reason? Bermuda has only three banks that

Specialization Pays Off for Private Investors.



Source: International Herald Tribune

are open for business on the island: the Bank of Bermuda Ltd., the Bank of N.T. Butterfield & Son Ltd., and the Bermuda Commercial Bank Ltd.

"Whereas most offshore centers have imported banks from international locations, Bermuda has developed only its own, which have grown along with the scope of the island's international business," said Mr. Williams. "In a sense, we've done the opposite of what other offshore centers have done. Bermudian banks have opened branches in other offshore jurisdictions, as opposed to Bermuda welcoming its own jurisdiction by inviting others in."

Bermuda's regulatory structure effectively prevents foreign banks from conducting conventional business on the island. Indeed, say some banking analysts, that fact has not hindered the growth of Bermuda's home-grown private banking industry.

"Asset management for high net worth individuals is an ever-increasing area of our business," said Sherry Dodson, deputy manager of Bank of Bermuda's investment division. "On the institutional side, investors are largely from the U.S. and the U.K., but for individual clients, the scope is completely international."

The Bank of Bermuda also operates 13 in-house funds containing \$800 million in total assets. Among them is the Bermuda International Bond Fund, one of the largest of its type, which has returned an average of 11.6 percent annually since 1980.

Moreover, add bank officials, the Bank of Bermuda is the world's 15th largest global custodian, providing services for an estimated \$20 billion in fund assets domiciled both in Bermuda and in other offshore locations.

Charles Gunn, deputy general manager of Bank of Butterfield's trust division, says that Bermuda is

benefiting, much as other offshore centers, from the increasing inclination of international investors to seek politically stable, tax advantageous domiciles for their money, particularly as the level of investment expertise in such locales has begun to equal that available in mainstream hubs such as London and New York.

The Bank of Butterfield currently runs 8 in-house funds with assets of \$331 million. "Just five years ago," said Mr. Gunn, "those funds contained only about \$65 million." Bank of Butterfield's custody business has grown by over 500 percent during the past five years, Mr. Gunn added.

According to the Bermuda Monetary Authority, there are now over 400 international funds domiciled in Bermuda itself, with total assets of about \$7 billion.

Bermuda's regulatory laws allow certain types of international firms to incorporate there as an "exempted" company, or one which, in return for receiving a waiver from the normal company law requiring 60 percent Bermudian ownership, is forbidden to conduct business with island residents. Some 7,000 international companies have done so, including over 1,300 insurance concerns that underwrite gross premiums of \$450 million per year.

"There are still confidence problems and identity problems to overcome," said David Sykes, who looks for new business in France, Italy and Switzerland for the Bank of Bermuda's U.K. subsidiary.

"Everyone in the U.K. knows where Bermuda is, but that's not so true in mainland Europe. I try to highlight Bermuda's stability, its links with Britain and the United States, and the fact that it's so far away from Europe, which is a real advantage for some investors."

"Some people are a little insecure about it, but I can definitely say that more European investors are using Bermuda."

Foreign Investors Reassess Indonesia

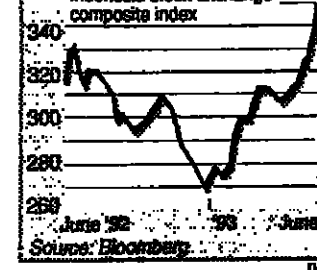
By Aline Sullivan

THE 72d birthday this month of Indonesia's President Suharto is giving investors in one of Southeast Asia's fastest growing economies pause for thought. Recently elected to his sixth term, the president has not yet named a successor. Rival groups in the government, each with a different economic policy, are jockeying for position.

Questions about the government's direction have forced the Jakarta stock exchange all-share index down more than 50 percent since it reached a high of 330 points in the early 1990s. Investors who had previously reckoned that Indonesia would prove the best performer of the Asian "tigers" have since moved on to the faster growing markets of China and Vietnam.

The Indonesian market still has plenty going for it, however. The country is well on the way to joining the ranks of the middle classes: per-capita annual income is expected to climb to around \$1,000 from the current \$620 by the year 2000.

The Market Waits



Source: Bloomberg

The fear is that, if Mr. Habibie gets his way, the Indonesian government may plough vast sums into ultimately unprofitable industries at the expense of the major infrastructure development the country needs to compete with its neighbors.

Baceluis Ruru, the newly appointed chairman of Bapepam, the government's capital markets authority, is confident that the government is on the right track. He acknowledges that China, Vietnam and other emerging Asian markets are competing much more vigorously for foreign investment.

Foreign investors dominate the Jakarta stock market, accounting for much of the trading volume and new finance. While this is good news for the long-term stability of the market, dependence on foreign investment has aggravated the market's illiquidity. Trading volume in 1992 dropped to an average of \$13.2 million a day from \$16 million in 1990. Over the same period, the market's capitalization fell to \$19.3 billion from \$24.4 billion.

The government is expected to encourage its big state-run pen-

sions funds to invest in equities and permit small pension funds to pool assets within investment funds. Mr. Ruru declined to comment on moves currently afoot, but admitted there was a strong demand for more investment funds that could serve as a channel into the stock market for major domestic institutional investors.

"There is a lot of demand for new funds," said Mr. Ruru. "But only closed-ended funds are allowed at present because the Ministry of Justice requires that the redemption of shares should not take place. There are structural matters that we have to cope with first."

These structural matters will not be easy to overcome. Indonesia has so far proved a pioneer of deregulation in Southeast Asia. Such monopolies and other trade restrictions as survive are usually maintained for the benefit of President Suharto's family or close political associates. But analysts say the president may now feel the Berkeley-educated technocrats who have dominated Indonesia's government since the early 1980s were deregulating too quickly.

Fees Dampen Boost in U.S. Fund Assets

By Judith Rehak

THE 1,000-odd US mutual-fund executives who showed up for their annual get-together in Washington two weeks ago had plenty to celebrate. A record-breaking \$21.6 billion flooded into stock and bond funds in April, felled by investors' buying for their individual retirement accounts before the April 15 deadline. Mutual fund assets now stand at \$1.8 trillion, and barring any major market dislocations, will surpass retail deposits at U.S. banks sometime this year, according to Strategic Insight, a fund consultant.

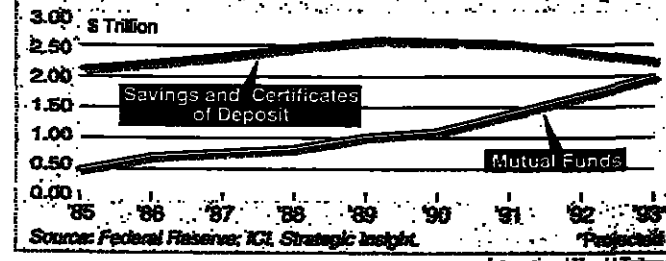
But while the mood was understandably ebullient at this strictly industry affair in the nation's capital, there were warning signals for fund investors.

The confusing jumble of fees U.S. investors pay to buy and own a mutual fund continues to proliferate. Front-end, or A shares, are straightforward—you pay up when you buy. But many investors are still trying to get a handle on how back-loaded, or B-share, fees work, where there is no front-end commission, but higher annual charges, plus a declining exit fee over four to five years, starting as high as 5 percent in the first year.

Now, yet another pricing permutation has arrived—"level load" or D shares.

The most enthusiastic promoter of D shares is Paine Webber, a major brokerage, which offers the option on all of its own funds. Under its level-load scenario, the investor pays no front-end commission or exit fee, but 0.75 percent of assets fee annually, plus management and service charges. There's only one catch: the 0.75 fee goes on forever. Some observers estimate that D shares will enable their purveyors to rake in far more than the fees associated with a front or back-loaded fund, which may explain their popularity with brokers. Last year, level load shares accounted for 4 percent of all fund

Assets Flow Reached Record in April



Source: Fidelity Investors; ICI Strategic Insight

sales, almost \$300 million, compared with only 1 percent in 1990.

Both A and B shares have come in for criticism because they appear to investors who hate to pay up-front sales fees, but who ignore, or are unaware of the higher charges these shares impose down the line. This is particularly true of many only owned money market funds or certificates of deposit, which have no sales charges.

But the new D shares look dangerous to more than unwiling investors. A number of banks have reportedly told third-party fund managers that they would not sell their funds if they carry D shares. The reason? Banks also fear that level load funds look too much like no-loads, especially when offered alongside their bank-run funds, which usually carry front end loads of around 4.75 percent, or the equivalent in back-end commissions.

Meanwhile, it takes a mathematical whiz to sort out and add up the array of commissions and fees associated with a fund purchased through a bank or broker. More important, investors are likely to wind up paying as much as they always have—despite the insistence of fund companies that fees are coming down. As one conference speaker put it, the fees have simply been "repackaged."

Yield-starved investors have poured billions of dollars into U.S. bond funds in the past two years: \$10 billion flooded in during the month of April alone. But interest

rates, now at 20-year lows, are unlikely to fall any further, and a warning expressed on and off the record during the conference was how bond fund shareholders will react when rates start upward again, particularly first-time investors who left the safety of CDs and money market funds.

"It's scary," admitted an executive of one money manager that had had its sales last year in bond funds. "It's imperative that we educate investors to understand the impact if interest rate changes on bond fund performance," said Ronald Lynch, chairman of the Investment Company Institute, the fund industry's trade group.

Banks have long ruled the fund industry in Europe, but they are new to the game in the U.S. Bank customers are being deluged with mailings and newspaper and television advertising urging them to buy funds at their bank. According to a survey by the Investment Company Institute, banks sold \$23 billion in stock and bond funds in the first half of 1992—14 percent of all fund sales—compared with only \$28 billion for all of 1991.

Most banks are selling the funds of well-established outside money managers like Putnam Investments and Alliance Capital Management, but increasingly investors need to watch out for heavy promotion of bank-run funds. Why? Banks are starved for fee revenues, and selling their own funds allows them to collect the entire commission with the outside manager, who also gets the management fee.

Thousands of banks are also setting up "personal investment centers" in their lobbies, which claim to offer advice on how to allocate and choose the right investments. That may be convenient, but not necessarily the best place to go for advice. "Most bank investors are relatively inexperienced, and neither of them have a memory of what could go wrong," says Michael Lipson, president of Lipson Analytical Services. "Interest rates can spike up, stock markets can decline. What works now may not work in the future."

Coming soon across the U.S. is the capability to buy or sell a bank's mutual funds by simply punching a few buttons at the cash machine. Already a reality at big money center banks like Citibank, several more will offer this service shortly; many more, like Ohio-based Banc One, which has 23 proprietary funds, have it on the drawing boards.

But if technology makes it more convenient to invest in a bank's own fund, will it also make it easier to overlook performance? Citibank is a front runner in user-friendly technology, but its in-house Landmark stock funds have turned in a lackluster performance, returning on average only 9.17 percent annually for the past five years to March 31, compared with 13.82 percent for all bank-run equity funds.

The close of funds in the stock and bond markets is such that some analysts fear any downturn could be magnified if frightened fund investors rush for the door—and they have in the past.

Where does this leave investors? More than ever, they will have to look carefully at performance records, at least three years back, and avoid the seduction of gimmicks and hidden charges. Some advisers advocate sticking with the big, established fund groups, noting that many of the new arrivals will never attain critical mass, about \$5 billion for a family of funds, and end up being bought out by a competitor.

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THE MONEY REPORT

A Lack of Effective Political Leadership Is Seen Imperiling Western Economies

Members of a newly selected panel of experts in economics and investment offer their opinions on the world's major economies, currencies and financial markets.



Howard Flight, director, Guinness Flight Global Asset Management

Within 14 months of re-election, the Conservative administration of John Major in Britain has become probably the most discredited and unpopular in the U.S. It looks as if President Bill Clinton is going the same way in the U.S. In his first few months, Edouard Balladur backs in temporary popularity in France. As a whirlwind recession rears its havoc in Europe over the next 18 months, it is difficult not to imagine the French administration becoming equally unpopular.

Outlook

As has been the whole German immigration issue itself. It is simply that today's leaders are midgets in comparison with the recent past, or are the problems facing the world today particularly difficult to handle? Indeed, it is difficult not to feel a twinge of sympathy for those discredited Western political leaders of the 1930s branded with incompetence and with supreme weakness for both economic recession/depression and the failure to check tyranny and racism. In many ways Mr. Major might be described as the ordinary man's Stanley Baldwin, but without Baldwin's charisma or competence, although now the former Chancellor of the Exchequer Norman Lamont (who played an important role in Mrs. Thatcher's defeat) has "joined the opposition." Mr. Major's own days now look numbered.



Anna Tong, director, Aetna Investment Management (Hong Kong) Ltd.

The dramatic rise of the Chinese economy is costing jobs in the West, faster than they can be created in either added value high-tech industries or the service sector, after its glut in the 1980s. It is clear that the low-skilled and unskilled citizens in the West can no longer expect to enjoy such high living standards, as have been the norm, by international comparison, where skilled workers still have a much lower standard of living elsewhere, in an increasingly integrated global economy. Everywhere in the West, it seems that welfare expenditure and services to which citizens have grown accustomed and feel entitled can no longer be afforded. No wonder there is growing political dissatisfaction. No individual Western government is, however, capable of operating the international economic forces operating.

In France the Balladur administration has made a prompt start on curbing welfare expenditure, where the French fiscal deficit is already up to U.K. levels and likely to worsen significantly as recession bites.

Alas, as yet little has been done in Germany, the one country where curbing welfare expenditure and legislation should have been the imperative, before unification. The failure to do so probably condemns the Germans to the greatest political and

economic problems and upheavals of all the Western economies over the next decade.

On a different front, like our parents in the 1930s, all decent men and women are sickened by the unwillingness of the "civilized" Western world to do anything much about genocide and the triumph of might over right in the Balkans. Understandably, no European country wants to lose its soldiers' lives intervening in an age-old blood feud, in a remote part of Eastern Europe. But when the price comes to be paid by the West for its lack of principles, it will, of course, be elsewhere and probably in more important parts of the old Iron Curtain countries, or in the Middle East. In due course, perceived weakness and cowardice rarely go unexploited or unmentioned.

Very clearly, public opinion is crying out for more effective and charismatic political leadership. This makes the political situation in the West itself all the more dangerous. Let us hope that this storm we manage to avoid the emergence of another Stalin or Hitler.

As investors focus in on the dynamic emerging markets in Asia, there is growing enthusiasm for the new and potentially largest emerging market of all times - China.

China, which a few years ago was considered an oppressive regime, is now a hotbed of investment activity spurred on by the government and the countless numbers of entrepreneurs, bureaucrats and capitalists who have tasted the success of China's economic boom.

Deng Xiaoping, China's paramount leader, declared an open-door policy in 1978, initiating economic reforms. His goal to quadruple China's economy by the year 2000 is expected to be achieved by the end of next year, six years ahead of schedule - the entire country is in economic overdrive. Chinese institutions and enterprises have been given the mandate to become profitable but more

importantly, will also share in the profits with their bureaucratic superiors.

Formerly dour bureaucracies and ministries are actively setting up companies and hiring experienced managers to run the companies.



Christopher Kwiecinski, investment manager, Banque Indosuez, Global Private Banking

The Hong Kong and southern Chinese economies have become closely tied, with an estimated 30 percent of Hong Kong's money supply now circulating in China, and millions of Chinese employed in Hong Kong factories.

There are approximately 80 million Chinese earning \$7,500 per year in southern China alone. This figure is roughly the combined number of people and the average annual income of Singapore, Hong Kong, Taiwan and South Korea. Stated another way, there are enough wage earners in China to equal four Taiwans.

Does all this growth sound too good to be true? The rosy pictures paint China as a market with unlimited upside. Investors, however, should apply the same investment guidelines to China as they would anywhere else. Emerging markets

are inherently more risky and will encounter growing pains in the process of expanding. This is to be expected.

The major risk is a political one. Will the current reforms be stopped or reversed? Our strong belief is that reforms will continue, based mainly on three factors. First, the Chinese have experienced an open-door policy during the last 15 years and now enjoy new prosperity. Second the power elite no longer holds absolute power in China. The government is becoming a pluralistic structure within the Communist party, with decisions being made through consensus. Third, the majority of Chinese people would prefer economic reforms to rushed political reform.

How can foreign investors participate in China's superior growth? There are Hong Kong listed shares whose businesses derive a large portion of their revenue from China operations. Currently over 50 percent of Hong Kong listed companies are categorized as China concept stocks in other Asian countries.

Unlike China concept stocks, there are mainland Chinese companies that have gained or are seeking listing on foreign exchanges. There are currently over 20 mainland Chinese companies listed on the stock exchange of Hong Kong. Chinese regulatory authorities are currently restricting foreign listings by requiring state approval.

Recent economic reports have further underscored the cyclical divergences within North America, Japan and Europe. The differences are most pronounced with respect to business activity around the world and somewhat less with respect to the performance of the financial markets. These are nearly always forward-looking and discount well in advance major turning points in the business cycle.

In the United States interest rates appear to have bottomed. In Japan they are approaching their cyclical troughs, while in Europe

further significant declines, particularly among shorter-term maturities, should normally occur. As a result, the United States and Europe are at the two opposite ends, and next to Japan's immediate position, which in reality is close to that of the United States, one also finds the weak recoveries of the English-speaking economies of Canada, Australia and the United

Kingdom. These inter-regional cyclical divergences have not been lost on the recent performance of the fixed-income and equity markets with an underlying theme of currency movements affecting them differently.

Less-than-robust dollar performance in recent weeks has failed to inflict significant damage on American stocks and bonds.

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# SPORTS SOCCER

## In One Small Victory, a Giant Leap for U.S. Soccer

### But Coach Plays Down Triumph

Compiled by Our Staff From Dispatches

FOXBORO, Massachusetts — A few minutes after his team completed one of the biggest international soccer upsets in recent years, Bora Milutinovic, the U.S. soccer coach, calmly put the victory in perspective.

It did not happen in the World Cup, he cautioned, a gathering of several hundred journalists who were eager for a bold proclamation. The 2-0 triumph Wednesday was against an English team that has struggled for months and was without two of its superstars — Paul Gascoigne and David Platt — he said with a restrained smile.

Milutinovic is a coaching missionary with global success: He led Mexico and Costa Rica to respectable results in the 1986 and 1990 World Cups. He knows better than to get too excited.

"This is one victory," he said. "We only won one game, nothing more. You win victories only in the World Cup. Today we have beaten one very important European team. I am very happy for my players. It is a good result. But we must remember this is not 1954."

The U.S. coach sought to refocus attention not only on next summer's World Cup finals, but also on the Americans' final U.S. Cup game, against Germany, the 1990 World Cup champions, on Sunday in Chicago.

There is still a year before the 24-nation World Cup finals are played in nine U.S. cities, and everything before that is for the most part considered much-needed preparation for the Americans. But on Wednesday night, the U.S. team made significant gains in terms of confidence and respect at home and abroad.

"It is a giant leap forward for U.S. football," said Roy Wegerle, one of two American players who play professionally in England. "Who would have ever thought that the U.S. would beat England? We had potentially our best team out on the field."

It was the first American victory over England since the historic upset in the 1950 World Cup in



Brazil's Careca scored his 30th goal in international play on a first-half penalty, beating the German goalkeeper Andreas Kopke.

Brazil and only the second triumph against another national team this year.

The game was broadcast live on television in many South American and European countries, where skepticism is the prevailing opinion of U.S. soccer. And it showed what the U.S. team is capable of when its top players are available to play.

"I think it gives a signal to the rest of the world that we can play and that we've arrived," said the U.S. defender Jeff Agoos. "It shows that we've earned some respect. To continue to do that though, we have to continue to play this way."

The victory also took some pressure off Milutinovic, who was noticeably bothered by criticism of the team's poor record this year. There also were rumors in the German media that he was

distressed by the squad's progress and was considering taking over a South American team.

"You know, perhaps they will fire me, but I will not quit," he said with a laugh. "We play today so we can learn and play in the World Cup."

Beating England, with its impeccable soccer pedigree, is expected to have an incalculable effect on the fortunes of the sport in the United States.

"People can try to discredit us by saying England is in a tailspin, but they are still one of the premier teams in the world," said Alan Rothenberg, president of the U.S. Soccer Federation and chief of the 1994 World Cup. "I think we're putting together a team that can go out there and compete successfully."

Added Hank Steinbrecher, executive director of the U.S. federation:

"This gets the monkey off our backs. Now, we'll never have to talk about 1950 again."

The U.S. team, which heads to Ecuador on Monday for the Copa America, will probably start its strongest side against Germany in search of another upset, while Germany may make changes as it gives game experience to as many players as possible.

With 48,000 tickets already sold, Soldier Field in Chicago is guaranteed a record soccer crowd, surpassing the 41,000 who watched the United States against AC Milan in 1991. Organizers anticipate late demand after the victory over England.

(UPI, LAT. AP, Reuters)

**Dooley Status Doubtful**  
Thomas Dooley, one of the U.S. heroes against England, is unlikely to play against Germany. Reuters reported on Friday.

Dooley, the Kaiserslautern midfielder-defender who scored the Americans' opening goal in the victory over England, suffered a severe ankle sprain in the game.

He is listed as doubtful and will sit out practice until Saturday, by which time Milutinovic hopes he will have shaken off the injury.

The German-born Dooley, who missed the opening 2-0 defeat to Brazil because of Bundesliga commitments, is desperate to play against the nation he once hoped to represent before claiming U.S. citizenship last year in his bid to play international soccer.

The Americans are equally desperate that he takes the field for his ninth cap, as he and fellow European-based players midfielder Tab Ramos and Bundesliga striker Eric Wynalda made a huge difference to the side after missing the Brazil match.

(Reuters, AP)

### Germany Rallies to Tie Brazil, 3-3

Compiled by Our Staff From Dispatches

WASHINGTON — The defensive slip-ups and lapses of concentration that have cost Brazil in recent World Cups came back to haunt them in a 3-3 draw with Germany on Thursday in the U.S. Cup.

Brazil looked unstoppable in the first half, building a 3-0 lead and at times making the World Cup champions look silly with their intangible brand of soccer.

Brazil, which beat the United States 2-0 on Sunday in the tournament opener, got goals from Careca and Luisinho and an own-goal from German defender Thomas Helmer.

But in the second half, the 34,000 spectators at the RFK Stadium saw the other Brazil, a team that commits needless fouls, gives the ball away and argues with the referee.

The Germans, famed for their power of recovery, took full advantage, pulling to 3-2 and then equalizing in injury time with the Brazilian defense seemingly asleep.

Germany began the comeback in the 66th minute when Jürgen Klinsmann scored off a feed from Michael Zorc, who intercepted a clearing pass up the middle by Julio Cesar.

Andreas Moller pulled his team to 3-2 in the 80th minute after goalkeeper Claudio Taffarel punched out a header by Michael Schütz directly to him.

Then, in injury time, a long throw-in from the left bounced over Marco Santoro's head and Klinsmann tapped in to flick a header over Taffarel.

In the 1982 World Cup, Brazil was knocked out by Italy, which took advantage of three amateurish defensive lapses. In 1986, Brazil threw away an early lead, dominated the game and missed a late penalty against France before losing in a penalty shoot-out. In 1990, Brazil was knocked out by Argentina, losing a match they had dominated.

(Reuters, AP)

## Irresistible Force: Kite Takes Flight As U.S. Open Nears

By Jaime Diaz

New York Times Service  
HARRISON, New York — Weeks ago, Tom Kite was an immovable object. Now he is once again golf's irresistible force.

Unlike recent U.S. Open champions who found the trophy a psychological burden, Kite has played some of his best golf since winning at Pebble Beach 12 months ago. And in a matter of weeks, he has gone from being incapacitated by herniated disks to approaching top form for his Open defense next week at Baltusrol in Springfield, New Jersey.

In Thursday's first round of the Buick Classic, at the Westchester Country Club, the leading money-winner in career earnings on the PGA Tour shot a 3-under-par 68 to put himself once again in the thick of a tournament. Ahead of him are two young pros who have never won — Dudley Hart, who shot a blistering 66, and Brandel Chamblee, with a 67.

For 16 holes, Kite played the kind of error-free round that has become his trademark in his 22 years on the PGA Tour, hitting all but four of the greens in regulation and all but three of the fairways. But uncharacteristically, he holed his final two holes, the 455-yard par-4 eighth and the 505-yard par-4 ninth, both of which were playing downwind.

"I think you could have had a barbecue on my head," he said afterward. "That is not the way you want to end a good round."

But Kite's irritation was short-lived, because at 43, he is serene in the knowledge that his game is a kind of peak he's worked all his golfing life to attain.

In February, he set the all-time scoring record for a 90-hole event with a 35-under total at the Bob Hope Chrysler Classic, then finished off the month with the 19th victory of his career, at the Nissan Los Angeles Open.

Kite began to feel stiffness in his lower back three weeks later in Orlando, Florida, and at the Masters, where he missed the cut, he could not bend over far enough to pick his ball up out of the cup. A few days later, it was discovered that Kite had two herniated disks, requiring that he take at least a month away from tournament golf.

"It was a little scary," said Kite, who had never before suffered an injury serious enough to threaten his career.

But five weeks later, in his second tournament back, the Kemper Open, Kite finished second to Grant Waite. Now at Westchester, he is in contention again.

"I'm not there yet," said Kite. "But the good thing is I don't think I have to be totally there to win. Earlier in my career, everything had to go just right. But now, I feel I can do what I did today, make a couple of silly bogeys, and still win."

While not wanting his words to be interpreted as arrogance or overconfidence, Kite has a hard time hiding his enthusiasm when he speaks of the swing changes he made in following his failure to hold a two-stroke lead in the fourth round of the 1989 U.S. Open.

"I don't mean this the wrong way, but I don't have to worry about my golf swing," said Kite. "Now that I have made the swing change, it's an easier swing to perform, and an easier swing to repeat. I don't have to spend as much time beating balls, which if my back is going to be a problem, is good news."

"Before, my swing didn't always hold up," he added. "Now when I get in the hunt, I may not win, but it's not going to be my fault if I don't."

The back problems arose just as Kite was becoming the player he "had always dreamed" he would be. But he put his trust in Dr. Bob Wadkins, a specialist at the Centinela Hospital in Los Angeles. The doctor told Kite that if he followed a strict schedule of rest and special exercise, he would be able to play pain-free within six weeks.

Kite has never had trouble following a regimen, and he made his return four weeks later at the Byron Nelson Classic. He missed the cut, but played pain-free. Although he still feels some stiffness in his back each day, 30 minutes worth of exercise, and a generic pain reliever are all he needs to perform at full strength.

"Really, it was just a temporary setback," said Kite of his physical condition. "Heck, Greg Norman goes on vacation longer than my back bothered me." Of course, Kite wants to play at least that well at Baltusrol.

"I can't think of a better way to focus on the U.S. Open," said Kite. "than to win the week before."

**Gilner Leads in Hamburg**  
Anders Gilner of Sweden took a one-stroke lead Friday after the second round at the Honda Open, firing a course-tying 8-under-par 64 at the Gut Kadisa Club in Hamburg, The Associated Press reported.

Gilner's 10-under-par 134 left him one stroke ahead of Ireland's John McHenry, who shot a 66 for the day, and Sweden's Johan Rystrom, who hit a 67. The defending champion, Bernhard Langer of Germany, shot a 68 to remain three strokes back at 137.

**One-Shot Deal: A Birdie and A Hole-in-One**  
The Associated Press  
HAYES CENTER, Nebraska — How do you get a birdie and a hole-in-one on the same shot? With help from a horned lark.

Unfortunately, Lawrence Bieker's tee shot killed the bird. Kyle Gartrell, who was helping to tend the sand green during a tournament on Sunday, said the bird was on the green and took flight just as Bieker's shot approached.

The killer shot occurred on the 133-yard, par-three No. 6 during the Hayes Center Golf Club tournament.

## Cup Hangover: Montreal Puts Riot Damage at \$10 Million

Compiled by Our Staff From Dispatches

MONTREAL — Montreal's police chief defended his force's handling of a rampage that caused an estimated \$10 million worth of damage following the Montreal Canadiens Stanley Cup victory.

The police chief, Alain St. Germain, rejected calls that he should resign and accusations that his officers stood by and watched. He said damage and injuries would have been greater if the police had been more aggressive.

"I don't think it's the time to resign when you're on the beat and everything is shaking," St. Germain said. "I think you need the captain."

roncy said a great victory had been tainted. "Montreal is a wonderful place and they respond usually in a very mature but enthusiastic way, but that went beyond the beyond," he said.

The police said they had had a strategy prepared for any outburst of vandalism after the game, but their plans quickly fell apart as the rioters smashed store windows, grabbed merchandise and took over the streets minutes after the Canadiens' 4-1 victory Wednesday night over the Los Angeles Kings gave them their 24th Stanley Cup.

The damage stretched for 30 blocks along Ste. Catherine Street, site of the Forum. The 980 officers in the area at the height

of the riot could not handle the large number of youths, some of whom, St. Germain said, were there specifically to "vandalize, pillage and set fire."

St. Germain estimated the crowd at 60,000 but emphasized that 90 percent were innocent bystanders. He said the police had had difficulty sorting out the culprits.

Following the turmoil — 168 people were injured, some seriously, and 115 were arrested — the Canadiens announced that Friday's victory parade would be several blocks shorter than originally planned and that a post-parade party at the Forum was being cancelled.

been estimated by the Insurance Bureau of Canada at \$10 million.

St. Germain said it would have made no difference if two or three times as many police had been on hand. He had no answer for people who complained about officers standing by impassively while vandals ran wild.

"We took the measures we thought appropriate," he said. "There are some young people who have no respect for life or property."

He said some looters appeared to choose their targets, zeroing in on clothing and electronic stores. One photography store owner said he saw looters who were so

well-organized that they carried walkie-talkies to coordinate their thefts.

The police said several incidents appeared to be racially motivated. The officials said several Haitian taxi drivers were attacked and a store owned by an East Indian was vandalized while looters hurled racial epithets.

The chaos of shattered storefronts and overturned cars surpassed the \$2 million in damage after the Canadiens won their last Cup, in 1986.

The rioters also broke the windows of the Kings' bus as it left for the airport, said the Canadiens' coach, Jacques Demers.

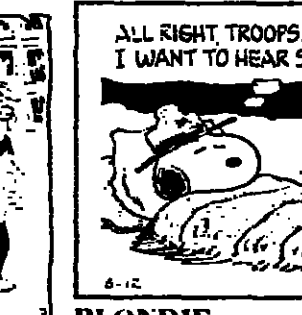
"It's sad and it's unacceptable," he said.

Advertisement for a golf tournament or club, featuring text about a birdie and a hole-in-one.

### DENNIS THE MENACE



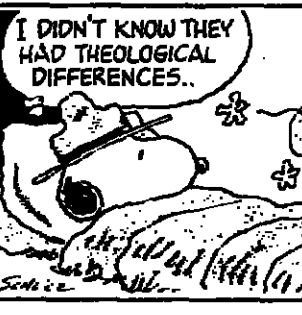
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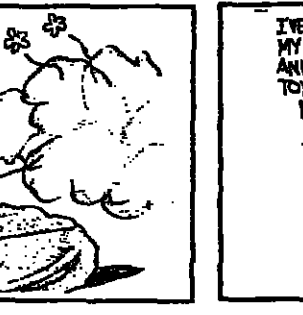
### CALVIN AND HOBBES



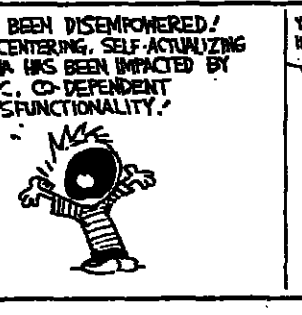
### BLONDIE



### WIZARD OF ID



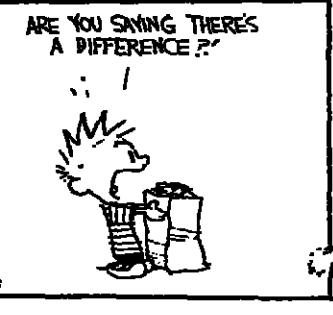
### BEEBLE BAILEY



### REX MORGAN

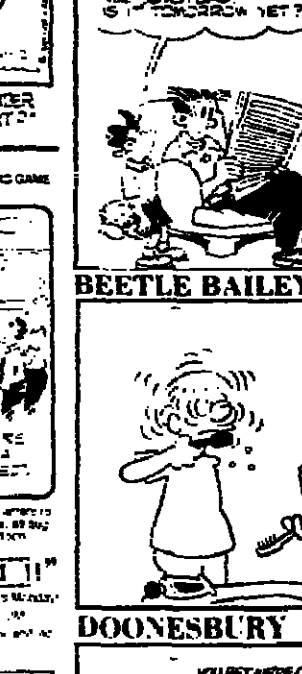


### GARFIELD



A word search puzzle with a grid of letters and a list of words to find.

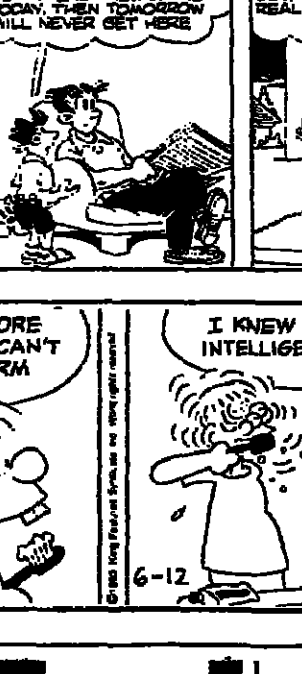
### DOONESBURY



### DOONESBURY



### DOONESBURY



### DOONESBURY



### DOONESBURY



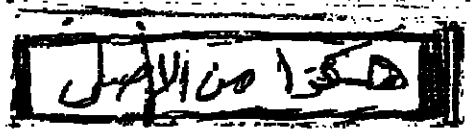
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# SPORTS NBA FINAL

## Tigers Triumph As Jays' Hot Hitter Has 9th-Inning Chill

The Associated Press  
John Olerud had a chance to reach 400, a chance to give the Toronto Blue Jays a ninth-inning tie and a chance to put them in a virtual dead heat with the Detroit Tigers atop the American League East standings.

So, with two on and two out in the ninth, what did the hottest hitter in baseball do?  
He struck out looking, allowing Detroit to squeak out a 5-3 victory.  
At Tiger Stadium, it all came down to the last at-bat Thursday night in the opener of a four-game series between Detroit and Toronto.  
The guy at the plate was exactly the guy Toronto wanted there.

## Mets Blow 5-Run Lead To Phillies

The Associated Press  
Tommy Greene wasn't upset about being knocked out in the second inning, falling behind 5-0 and losing a chance to become the first Philadelphia Phillies pitcher in 80 years to start the season 9-0.

### AL ROUNDUP

Olerud was already two for three on the night, and a base hit would have upped his average to an even .400. A double could have brought in the tying runs.  
The count was 1-and-2 and reliever Bob McDonald — a former member of the Blue Jays — threw a fastball over the outside corner. Umpire Rich Garcia called it a strike.  
The Blue Jays, who entered the four-game series having won nine of 11 games, have a chance to knock Detroit out of first place for the first time since April 22. Now, however, they have to win the final three games of the series to do so.

### NL ROUNDUP

five innings with that lead. The New York Mets convinced him his concern was genuine.  
"What happened tonight, it shows you what kind of team this is," Greene said after the Phillies rallied to win, 7-6, on Thursday in New York.

Once Sabershen left with an injury, the Mets' lead disappeared. Pete Inouvia's three-run homer capped a five-run rally in the seventh inning.

Greene was trying to become the first Phillies pitcher to win nine in a row since Robin Roberts in 1952. The last Phillies pitcher to start off 9-0 was Grover Cleveland Alexander in 1913.

Marlins 4, Pirates 3: Bryan Harvey set a record for saves by an expansion reliever with his 17th after Dave Magadan's two-out single in the eighth inning broke a tie in Florida.

Matt Turner won with a third in an inning of relief, then Harvey broke Enrique Romo's 1977 record for saves set with Seattle.

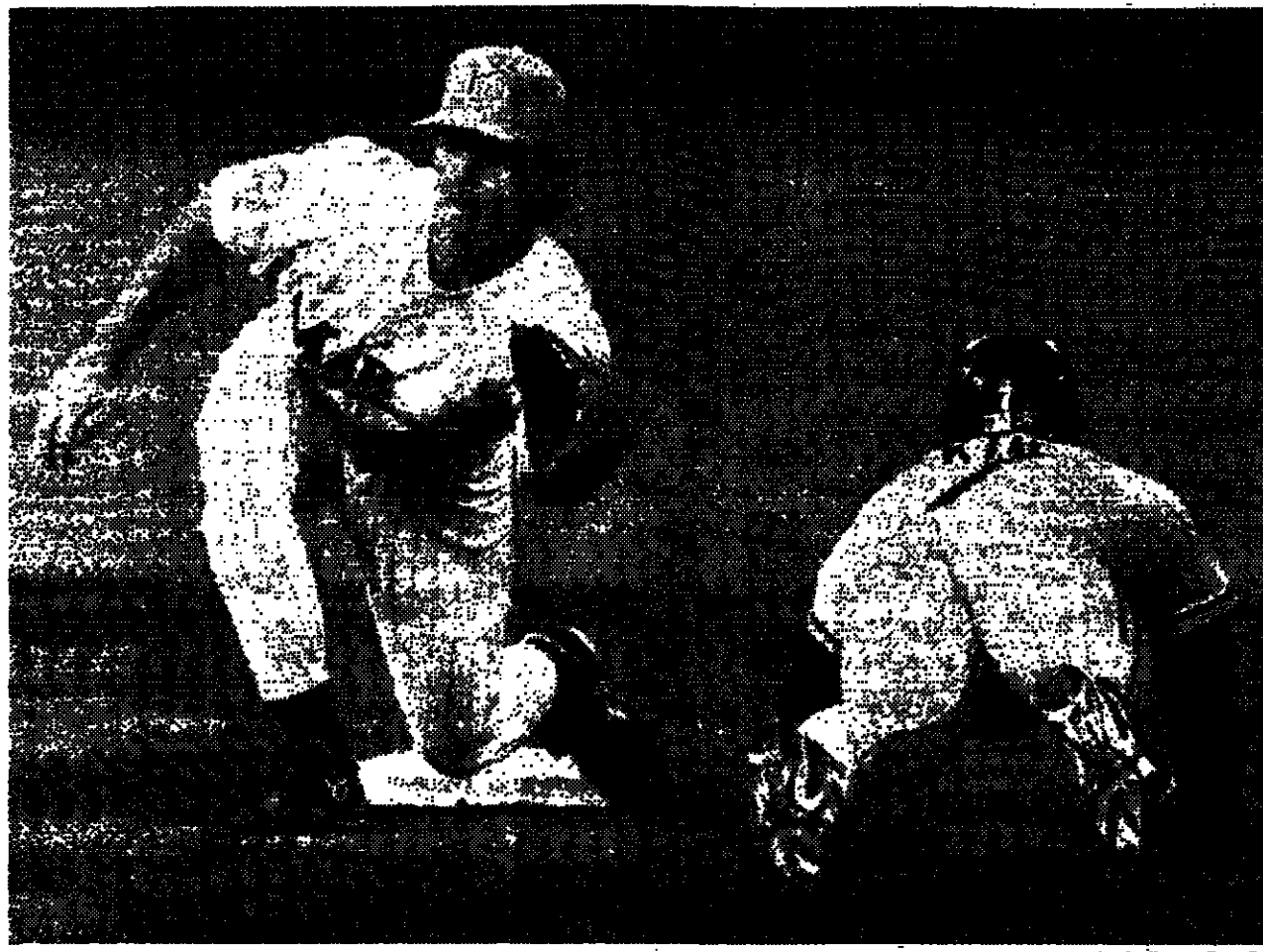
Reds 3, Braves 1: Tim Lincecum continued his recent dominance of slumping Atlanta, narrowly missing a second straight shutout of the Braves as visiting Cincinnati beat Tom Glavine.

Belcher, who pitched a one-hitter in a 4-0 victory in his last start against the Braves on May 26, had a perfect game for 3 1/2 innings.

Cardinals 7, Expos 4: Ozzie Smith and Gregg Jefferies had run-scoring doubles in the seventh, giving Bob Tewksbury and St. Louis the victory over visiting Montreal.

Padres 14, Dodgers 2: In San Diego, Tony Gwynn had a three-hitter, four RBIs and scored three runs in San Diego's best offensive showing since 1989. The game also featured a bench-clearing incident.

Gary Sheffield, hit during a five-run sixth by relief pitcher Rick Triček, charged the mound and tackled Triček as both benches emptied. Both players were ejected.



The ball got to Marlins' second baseman Bret Barberie before a diving Jeff King of the Pirates touched the bag on an attempted steal.

## Can Barkley Be Tamed Again by Bulls' Grant?

By Tom Friend  
New York Times Service  
PHOENIX — Horace Grant, the media strip between Charles Barkley and the basket, is still in one piece. Assigned to shadow Barkley, with absolutely no help, Grant never took his goggled eyes off of the Phoenix Suns' Goliath and was able to obstruct 16 of Barkley's spinning shots.  
Thursday afternoon, Grant did not know whether to gloat or run for cover. The Chicago Bulls, with Barkley out of their hair, turned Game 1 of this National Basketball Association championship series Wednesday night into a casual 100-92 victory, although a conglomerate of Bulls players have since tortured Grant with stormy predictions for Friday's Game 2.  
"The key to the next game will be containing Charles, because he's a little angry right now," said Grant, jiggling his hotel key in his pocket. "My teammates talked about that all morning. I probably won't get any sleep tonight."  
The Bulls, thinking damage control, will consequently alter their defense for Game 2. Knowing Barkley's season-long readings rise after poor games, Chicago is expecting the Suns' forward to clamor vociferously for the ball Friday.

and the adjustment, according to Grant, will be "double and triple teaming."  
"I won't be on him by myself," Grant said. "Charles has a lot of pride. He'll come out hard."  
Suns Coach Paul Westphal, disappointed at the double-

'Charles has a lot of pride. He'll come out hard.'

team prospect, was hoping Grant would try playing Barkley one-on-one again.

"Can Horace Grant stop Charles Barkley by himself? No," Westphal said. "Charles missed a lot of shots in Game 1. If he can get those same 25 shots again, he'll make 17 of them. I'm sure they won't play Charles single-coverage the whole series. Just get away with it last night."

Barkley, contrary to what the Bulls suspected, is not steaming mad. Wednesday night, he scored 21 points on 9-of-25

shooting and was critiqued by his grandmother on national television, but he seemed to forget about Game 1 by 1 A.M. Thursday, approximately when his head finally hit the pillow.

His voice Thursday was monotone and when a reporter rested a tape recorder directly on Barkley's right shoulder during a mobbed interview session, he did not object. "I'm not going to let one game ruin my entire day, week, month, year," he said. "We're down 0-1. It's the first one to four."

"I want to win the championship, but it's not life or death for me," he said. "I've got a life. Basketball is just a job."

Bombarded with Grant questions, Barkley said, "I don't sit around and overanalyze. Listen, if I get those same shots Friday, I like my chances. Horace, I guess he outplayed me."  
As notoriety goes, it was more than Grant usually musters. He conceded he is "third on the row," behind Michael Jordan and Scottie Pippen, and his twin brother, Harvey, of the Washington Bullets, takes twice as many shots and makes more money.

"Not jealous of Harv," Grant said. "I just flash my two championship rings, and that takes care of that."

## NBA Rejects An Inquiry Into Jordan's Betting

By David Aldridge  
Washington Post Service

PHOENIX — The National Basketball Association commissioner, David Stern, announced that there would be no full-blown investigation of Michael Jordan's off-court activities by the league, although the NBA continues to have discussions with Jordan about his various gambling endeavors and will interview the author of a book who alleges that Jordan lost \$12 million betting on golf.

Stern said Thursday that he would "agree with Michael's assertion" that Jordan does not have a gambling problem. The league has not yet met with Richard Esquinas, the San Diego businessman who claims in his book that Jordan has a gambling addiction. Stern acknowledged that if it were determined that Esquinas bet on NBA games, the subject of his association with Jordan might not be so closed.

Jordan also was gambling at an Atlantic City, New Jersey, casino the night before Game 2 of the Eastern Conference finals against New York.

"In betting on golf, and going to Atlantic City, no player violates any current NBA rule, any rule that we plan to enact or any plan that that rule would be wise to enact," Stern said. "The issues of gambling that have most affected us really relate to gambling on NBA games, and we are satisfied that there's no hint at the current time that any of our players gambles on NBA games."

Both Stern and Deputy Commissioner Russ Granik likened Jordan's alleged debts to those amassed by current and former NBA players because of bad investments or poor luck with the stock market.

"There are many players, many human beings, that have issues come into their lives," Stern said. "The answer depends on who he's in debt to. I know a lot of people who, when the stock market crashed, lost a lot of money. We didn't do an audit on them."

The league met with Jordan concerning both incidents. The NBA Players Association also was consulted, although Stern said the league's lack of interest in establishing guidelines on gambling had nothing to do with the difficulty of subjecting such an area to the collective bargaining process.

"That's not what stops us," he said. "Matters that affect the integrity of the league are areas where we can legislate. That's our job." He added, "But my curiosity cannot be the basis of putting together some superleath method of keeping track of our players."

"Unreasonable" Level  
Esquinas said Thursday that Jordan's fans are unaware of the depths of his gambling. The Associated Press reported in San Diego. "I know that Michael Jordan has many supporters and is worshiped by his fans, but I doubt these individuals understand the problem I shared with Michael," he said. "I do. I watched my golf games against his."

## SCOREBOARD

### BASEBALL

#### Major League Standings

Team	W	L	Pct.	GB
AMERICAN LEAGUE				
East Division				
Detroit	35	22	.613	—
Toronto	35	25	.582	2
New York	33	27	.550	4
Baltimore	29	30	.492	7 1/2
Seattle	28	30	.483	8
Minnesota	26	31	.456	9 1/2
Chicago	22	33	.397	13
West Division				
Los Angeles	32	25	.561	—
San Francisco	32	25	.561	—
Houston	32	26	.551	1 1/2
Atlanta	29	27	.519	2 1/2
Philadelphia	29	27	.519	2 1/2
St. Louis	29	27	.519	2 1/2
Chicago	29	27	.519	2 1/2
San Diego	24	35	.407	10 1/2
Cleveland	17	41	.292	17
NATIONAL LEAGUE				
East Division				
Philadelphia	41	17	.707	—
Atlanta	37	21	.638	4
St. Louis	37	22	.625	5
Chicago	33	28	.540	12
West Division				
Los Angeles	38	19	.667	—
San Francisco	37	20	.648	1
Houston	36	21	.630	2
San Diego	35	22	.613	3
Colorado	32	25	.561	6
Arizona	29	28	.510	7
San Francisco	28	29	.491	8
Los Angeles	26	29	.473	9
Seattle	27	32	.456	10
Oakland	21	39	.347	17

## OXYMORA By Frances k. Schnitzer

© New York Times, edited by Eugene Malachuk.

- ACROSS  
45 Debussy's "Air de ..."  
1 A Yorkshire city  
6 Rebuff  
10 French ad  
14 Netherlands cheese  
19 Journalist: Pyle  
21 Turkish poet  
23 17th century  
21 Bouquet  
22 Mature offspring  
28 Gilbert and Sullivan opera  
27 Hard to handle  
28 Obligated  
29 Irish seaport  
30 Down with, in days  
32 Scarab  
33 — a long way to Tippecanoe  
34 Rara —  
35 Aureoles  
37 Nar: bigwig  
40 Mentally defective person with a special talent  
42 Julie Andrews film: 1981

15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100

- DOWN  
1 Not phony  
2 Selection  
3 — Gay (Hiroshima bomber)  
4 Hindu festival of  
5 Small: barbauda  
6 Fresh: later  
7 Full-grown pike  
8 Here's "alas"  
9 Homophone for  
10 Lake Titicaca's locale  
11 Clavay fertilizer  
12 Complify  
13 Relatives  
14 Corrigenda  
15 Card game for two  
16 "A muss is as good as —"  
17 Spouse  
18 Tending to avoid a stimulus or situation  
19 — Gay (Hiroshima bomber)  
20 All-purpose tric.  
21 Blunt and  
22 Blunt and  
23 Miller's — From the "Brudge"  
24 From the "Brudge"  
25 Flora and fauna  
26 Late used to haul in 56 Down  
27 Clavay fertilizer  
28 Complify  
29 Relatives  
30 Corrigenda  
31 Card game for two  
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95 Card game for two  
96 "A muss is as good as —"  
97 Spouse  
98 Tending to avoid a stimulus or situation  
99 — Gay (Hiroshima bomber)  
100 All-purpose tric.

## CYCLING

### Tour of Italy

Results Friday in the 11th stage, a 155-kilometer (96 miles) race from Pinerolo to Sestriere. 1. Miguel Indurain, Spain, 39:04. 2. Pierre Ugeux, France, 39:10. 3. Gianni Bontade, Italy, 39:15. 4. Maurizio Biondi, Italy, 39:20. 5. Roberto Tonello, Italy, 39:25. 6. Franco Bittoni, Italy, 39:30. 7. Roberto Tonello, Italy, 39:35. 8. Franco Bittoni, Italy, 39:40. 9. Roberto Tonello, Italy, 39:45. 10. Franco Bittoni, Italy, 39:50.

## TRANSACTIONS

BASEBALL  
AL — Suspended Bill Haseham and Mackay Sasser. Seattle catcher, and David Segui, Boston first baseman, suspended for three games. Norm Charlton and Chris Bosio, Seattle pitchers, for four and five games respectively. Alvin Albin and Rick Sutcliffe, Baltimore pitchers, for four and five games respectively for their parts in a brawl in a game on June 6.  
MLB — Suspended Jesus Garcia, second baseman, and John Cutera, pitcher, for three games. Suspended Tony Oliva, catcher, for two games. Suspended Tony Oliva, catcher, for two games. Suspended Tony Oliva, catcher, for two games.

## ESCORTS & GUIDES

BELGRAVIA  
ORCHIDS  
Belle Epoch  
Mercedes  
Geneva Intl

## INTERNATIONAL CLASSIFIED

(Continued From Page 4)  
ESCORTS & GUIDES  
ESCORTS & GUIDES  
ESCORTS & GUIDES  
ESCORTS & GUIDES

## ESCORTS & GUIDES

ITALY \* PARIS \* COTE D'AZUR  
MARGARITA ESCORT  
GENOVA ALLIANCE INTL  
GENOVA SCANDINAVIA  
GENOVA SERVICE CAROLE  
GENOVA \* AMANDA \* Escort  
GENOVA \* PARIS \* COTE D'AZUR  
PRIME TIME ESCORT SERVICE  
LONDON \* BERRY CARBON  
LONDON \* BERRY CARBON  
LONDON \* BERRY CARBON  
LONDON \* BERRY CARBON

1993



DAVE BARRY

The Baiting Game

MIAMI — I have some good news for you anglers out there concerning ongoing scientific efforts to make fish stupider.

We need stupider fish because fishing is an important industry, one that pumps \$867.4 million annually into the U.S. economy (source: the Journal of Big Prebend Numbers).

Millions of Americans enjoy angling, although I myself am not one of them. My feeling is that if you go fishing, you are running the risk that you will catch a fish. Mother Nature never intended for this to happen, which is why she gave fish an outer covering that feels as though a big sick man named Lester has just blown his nose on it.

Also, there is the problem of bait. The last time I angled, a friend of mine provided the bait, which turned out to be shrimp. I always thought of shrimp as being benign and featureless little comma-shaped things that congregate on ice in bowls in the cocktail-party environment. But when I looked into Jim's bait bucket, I saw these insects from space. They had about 157 legs apiece and antennae and eye stalks. Some of them were the size of small dogs, and they were striding around in a very erratic manner. These were not benign creatures. These were creatures that could be used as security guards.

But millions of people like to fish, and they will be pleased to learn that officials of the Texas Parks and Wildlife Department are working — according to Dallas Morning News stories sent in by alert readers — to reduce the intelligence of bass. You might think that bass are already stupid enough, inasmuch as they eat worms when there isn't even a bit involved. But apparently they're still too intelligent, at least in Texas, where an alarming number of bass are consistently failing to allow anglers to catch them, thereby wrecking the entire sport.

So the wildlife officials have been selecting easy-to-catch bass, breeding them, then repeating the

process. Each succeeding generation is getting stupider and stupider; the officials hope some day to develop a bass that will watch the Home Shopping Network.

I'm kidding, of course. The bass will never be that stupid. But they are getting easier to catch. I hope this solves the problem, because wildlife officials would face many steep hurdles in any attempt to breed smarter anglers. Another major player in the fish-improvement field is Arthur N. Popper, chairman of the University of Maryland zoology department, who, according to a Baltimore Sun article, is trying to teach rockfish to come when called.

Rockfish are raised in large quantities on commercial fish farms (which are just like regular farms except that the fields have to be plowed via submarine). The problem, according to the article, is that the fish tend to scatter all over the pond, and when their food is dumped in, a lot of it gets lost in the bottom muck before the rockfish can locate it. So Popper is planning experiments to see if rockfish can be trained to swim toward an electronic hum, so they could be called together for feeding.

The article has a picture of Popper — a bald, mustachioed man — leaning thoughtfully over a tank containing some rockfish, which appear to be looking right at him, as though trying to communicate the concept: "Hey! Dr. Popper! We're fish! We don't have any ears!"

This is true, but Popper thinks they can hear anyway. I certainly wish him the best, and I'd like to suggest that, if the electronic hum doesn't work, he might try the sounds that come from our house to summon our dogs, Ernest and Zippy, when their food is ready. We've had excellent results with: "DOWN! NO! GET DOWN! GET DOWN RIGHT NOW!"

Ernest and Zippy are extremely good at being on hand when food appears. It's their only skill. In fact, maybe Popper could figure out a way to take some genes from my dogs and combine them with genes from a rockfish to produce a fish that would always be on hand for feeding time. Of course it would be WAY too stupid to swim.

Knights-Ridder Newspapers

Dear Ann Is Having a Wonderful Time

By Isabel Wilkerson

CHICAGO — Anxious in Akron and Fed up in Fresno are waiting along with 300 other put-upon neighbors and jilted suitors in a stack on a chair in her office. She'll get to them later.

She will read their letters in the bathtub after dinner, or in bed before Koppel or on a bar stool in her kitchen at lunch, and pound out the answers on her IBM electric typewriter until two in the morning.

When she is stumped she will walk around her 11-room apartment where she has lived since 1974, from the cluttered office with the piles of eyeglass cases to the library with the Dali bust of former President John F. Kennedy to the beige living room with the needlepoint pillows to the paneled dining room that was imported from an English castle.

She will pace from room to room, taking in different views of Lake Michigan, looking for inspiration and truth.

The letters used to be about which neighbor got the walnuts if the tree was in one yard and the branches in the other, back when she started, in 1955. Now they are about men who rape their daughters, teenagers on cocaine, people with AIDS.

There is plenty of time for the letters. The letters will always be there.

Right now, Ann Landers is a few rooms away, a woman whose only fear, it seems, is that they will stop making the ribbons for her typewriter.

The butler has just poured the Earl Grey tea, the Picasso etching is there on the wall and the lake is rolled out like some great carpet outside her windows.

"This is the best view in Chicago," she said. "It's all water. You can practically see Milwaukee. There will never be anything between me and the view."

This is the only place where Ann Landers can answer the world's problems. "I have to be in my own little nest," she said. She cannot do her work anywhere else. And it is a tougher job than it used to be.



Ann Landers in her Chicago apartment.

nearly 20 years ago from Jules Lederer, the founder of Budget Rent-a-Car, after 36 years of marriage.

She told her readers about the divorce in her column, which was shorter than most. "I left the white space as a memorial to one of the world's best marriages that didn't make it to the finish line," she said.

On her own, she does precisely as she pleases. She is freshly arrived from Tortola, British Virgin Islands, and before that, Palm Springs, California, and is planning her next trip, to London. She has what she discreetly calls "my gentleman friend."

"This is my No. 1 guy," she said. "He's an attorney in Washington. I do have a very lively social life." She will be 75 next month and looks closer to 50. Most of the men she has dated are 10 years younger than she is, she said matter-of-factly. "Some women, they get picked," she said. "I've always been in control."

She came to Chicago nearly 40 years ago with her husband and teenage daughter. She had never held a job and had no plans for a career. Born Eppie Friedman in Sioux City, Iowa, she had "majored in boys" in college. She and her now equally famous twin sister, Abigail Van Buren, dropped out when they found husbands. "We didn't take college seriously," she said. "My sister and I mostly traveled."

Soon after she got to Chicago, the advice columnist of The Chicago Sun-Times died. Her pen name was Ann Landers, and the newspaper was looking for a replacement. Lederer tried out for the job. She became the second Ann Landers (she is still known privately as Eppie Lederer) and grew into the most widely syndicated U.S. columnist, appearing in 1,200 newspapers.

In her 38 years in business, she has adjusted to euthanasia and gay marriage, but not to computers. She tried using one once and didn't like it. "I like an old-fashioned, hands-on electric," she said.

She hordes typewriter ribbons in a closet in case they become unobtainable. "That machine has got to last as long as I do," she said. "When I die, the column goes with me."

She is matter of fact about her role in American life. She does not try to substitute for a psychiatrist. She knows why people turn to her. "I'm free, the price is right and they can be anonymous," she said. "They feel they know me."

Every morning, about 2,000 pieces of mail from people who feel they know her arrive at The Chicago Tribune, her last newspaper for the last six years. They include requests for advice or for her many booklets and notes telling her to "drop dead" or "hang it up."

Her staff of seven (including two men who have been with her for more than 30 years) whittles them down to about 500 letters and separates them by topic, say, guns in schools or meddling in-laws. A driver shuttles the letters to her apartment 10 blocks away, where she spends about three hours a day just reading them.

"I get a howl out of some of the mail," she said. "Some will say: 'I know you're wearing a wig. Are those teeth your own?'"

It's a long shot to make it into her column. "I can snuff out the ones trying to get in the paper," she said. "People in real trouble spill coffee on the letter. Or bourbon."

She chooses the letters and writes the answers herself, doing a week's worth of columns in about two and a half days. "Only I can write that column," she said. "I select the letters and write the column. When I can no longer do that I'm going to call it a day. I extract the gems of the letter. I make sure it is grammatical. I edit. I do as little editing as possible. You wouldn't believe the profanity."

Her only competition is her twin sister, who writes Dear Abby from Los Angeles, and is 17 minutes younger. Their rivalry has been legendary. The two best-known advice columnists in the country, born on the same day and married on the same day, did not even speak for five years.

That was because her sister copied her by going into the advice business without telling her, Landers said.

"I got into this work first," she said. "She saw what a great time I was having. And she got into it. I felt it was mine, something that I did. It was a serious problem. After a few years, I decided we would have to make up. We were always together on our wedding anniversary and birthday. I said, 'We can't go on the rest of our lives like that.'"

Now they communicate by telephone or fax almost every day and watch each other's work. "I do read her letters," she said. "I think she does a very good job."

PEOPLE

Zap! Pow! Horrors! The Woody-Mia Comics

Next, the miniseries: The saga of Woody Allen, Mia Farrow and Soon-Yi Previn — the talk of the tabloids and TV shows — comes out as a comic book next week. "Woody and Mia's shenanigans lent themselves nicely to a comic book," said Joe Mauro, the head of First Amendment Publishing, which puts out the book. "It essentially wrote itself." True. The two-sided comic book — one side tells Mia's story, the other tells Woody's version — is culled from court transcripts, TV appearances and newspaper articles.

Ruth Reichl has been named restaurant critic of The New York Times, replacing Bryana Miller. Reichl has been restaurant critic for the Los Angeles Times since 1984 and is food editor since 1990.

Pierre Salinger, who has been reporting for ABC News from overseas for the past 15 years, will retire at the end of July, according to network sources. Salinger, President John F. Kennedy's press secretary and — very briefly — U.S. senator from California, had expressed interest earlier this year in the job of Washington bureau chief for ABC News, an idea rejected by News' president, Roone Arledge. Salinger will be 68 on Monday.

Leona Helmsley's four-year prison sentence has been shortened, making her eligible for release early next year. A federal court judge reduced her sentence for income tax evasion to two and a half years, and with time off for good behavior, her term should be reduced to approximately 21 months. The hotel queen entered prison on April 15, 1992; she could leave as early as Jan. 15, 1994.

Burt Reynolds has filed for divorce from his wife of five years, the actress Loni Anderson. Court documents said the marriage had been "irretrievably broken" but gave no further details.

INTERNATIONAL CLASSIFIED

Appears on Pages 4, 6 & 7

WEATHER

Weather forecast section including maps for Europe, North America, and Asia, with temperature and precipitation data for various regions.

BOOKS

PLEADING GUILTY By Scott Turow. 386 pages. \$24. Farrar, Straus & Giroux. Reviewed by Christopher Lehmann-Haupt. THE intrigue swiftly introduced at the start of Scott Turow's latest legal thriller, "Pleading Guilty," seems sufficiently complex by itself to hold the reader's attention.

If you're going to travel all over the map, here's how to call from almost any point on it.



Table titled 'AT&T Access Numbers' listing international dialing codes for various countries and regions.

AT&T puts the world at your fingertips. Just dial the AT&T access number of the country you're calling from for quick, clear connections back to the U.S. and lots of other countries. International calling made simple is all part of 'The i Plan' from AT&T.

